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Argentina	17.50	India	12.00	Peru	20.00	Peru
Australia	15.00	Iran	15.00	Portugal	20.00	Portugal
Belgium	15.00	Italy	15.00	Spain	20.00	Spain
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Great Britain	15.00	Soviet Union	15.00			
Hong Kong	15.00	South Africa	15.00			
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Indonesia	15.00	Sweden	15.00			
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ESTABLISHED 1887

Head of Marines Satisfied With Beirut Security

By William Claiborne
Washington Post Service
BEIRUT — As edge U.S. marines took unusual precautions around their bases Tuesday, the Marine Corps commander, General Paul X. Kelley, said he was "totally satisfied" with the security procedures that were in place before Sunday's terrorist bombing.

The latest confirmed figures from the explosion put the American dead at 214, with about 20 still missing. The French command said 38 of its paratroopers were dead and 20 missing as a result of a separate bombing Sunday.

Amid criticism in the United States that the marines had not been adequately prepared for the kind of suicide mission that flattened the Battalion Landing Team headquarters at Beirut International Airport, General Kelley said he had inspected the Marine base twice before the blast.



President Reagan and Prime Minister Eugenia Charles of the Commonwealth of Dominica at a news conference Tuesday in Washington on the invasion of Grenada.

U.S. Invades Grenada; Cubans, Russians Seized

Compiled by Our Staff From Dispatches from Washington.

The Associated Press reported Tuesday that U.S. troops had invaded Grenada, seizing two airports and taking Cuban and Soviet prisoners.

The invasion by 1,900 U.S. marines and Army Rangers, backed by helicopter gunships, was launched less than a week after Grenada's Cuban-trained military seized power and killed Prime Minister Maurice Bishop and 16 others.

The initial invasion was carried out entirely by U.S. marines and Rangers. A contingent of about 300 troops and police officers from Caribbean allies was brought in later by U.S. planes after the airports had been secured, U.S. officials said.

Three U.S. military men were killed in the invasion, the U.S. secretary of defense, Caspar W. Weinberger, told members of Congress. Sources quoted by The Associated Press said no reliable figures were available on the number wounded.

Defense officials said U.S. forces sustained "minimal casualties" in the assault and the capture of Pears Airport, where a runway is being built by Cubans, and St. George's University. Resistance by Grenadian soldiers and their Cuban allies continued through the day.

The U.S. troops clashed with members of a Cuban work force at a new airport at Point Salinas. Thirty Soviet advisers and 600 Cubans were captured in the invasion, U.S. officials said. There was no immediate word on losses within the Grenadian armed forces.

The Caribbean Broadcasting Corp., owned by the government of Barbados, said a U.S. helicopter had been shot down and its pilot injured during the landing. The report could not be confirmed.

The network also said four Cubans had been killed.

President Ronald Reagan, speaking at a news conference in Washington, said the invasion had been launched at the request of the six Caribbean nations "to protect about 1,000 Americans on the island, to forestall 'further chaos' and to assist in restoring 'conditions of law and order'."

In Havana, the official Cuban news agency, Prensa Latina, said there had been losses among armed Cuban workers at the airport in Point Salinas.

After being attacked by powerful Yankee forces from various directions, Cuban personnel in coordination with collaborators in Grenada, who resisted heroically the attacks of the United States Army and Marines, found themselves totally surrounded," the agency said in a report monitored in Mexico City.

After a meeting between U.S. congressional leaders and President Reagan, Senator Charles H. Percy, chairman of the Senate Foreign Relations Committee and an Illinois Republican, said the marines "secured" 30 Soviet personnel who would be given "safe exit."

A senior U.S. official said the 600 Cubans captured would be allowed to leave on a Cuban ship, said Tuesday, according to The Associated Press.

The governor general, appointed by Queen Elizabeth II, is Paul Scoon, a Grenadian citizen, whose role as the queen's representative in the country was largely undercut when Grenada's constitution was suspended after a coup in 1979.

U.S. officials also said members of the military council that seized control of the island after the killing of Mr. Bishop would be arrested.

Reports from Americans on Grenada indicated that they were out of danger. Dr. Charles Modica, chancellor of St. George's University, issued a statement in New York saying that U.S. students and faculty at the medical school were safe.

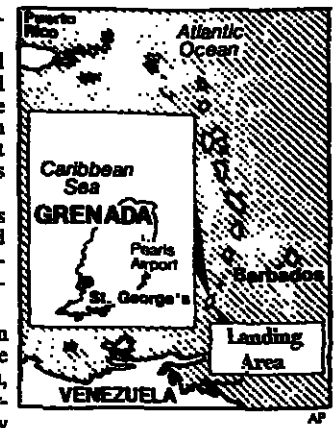
Within hours of the landing, the joint forces set up a radio transmitter and began broadcasting messages warning Grenada's 110,000 residents to stay inside their homes. An announcement said U.S. troops had taken action "at the request of your Caribbean neighbors."

"Promises by [Mr. Bishop's] New Jewel Movement to institute a constitution and to hold elections have never been honored. The new clique operating at the behest of foreign powers instituted a heightened reign of terror," the broadcast said.

Grenada has an army of about 2,000 troops and a paramilitary force of about 8,000. The military took power last week in a coup precipitated by a faction in the government that apparently wanted the Marxist regime to move further left.

On Monday, Grenada charged that an invasion was imminent and put its forces on full alert, according to a Prensa Latina dispatch monitored in Mexico City. "Any such invasion can only lead to the loss of lives of thousands of men, women and children," it said.

Radio Free Grenada said two unidentified warships had been spotted cruising within nine miles off the island's shores and accused the eastern Caribbean states of mobilizing troops for an invasion. (AP, UPI)



Court in Manila Allows Anti-American Protest

United Press International
MANILA — The Philippine Supreme Court ruled Tuesday in favor of an opposition challenge to the government of President Ferdinand E. Marcos for the first time in 11 years, granting permission for a protest against U.S. military bases.

The decision will lead to more demonstrations against the Marcos government, an opposition leader, former Senator Jose Diokno, said.

Acting on a petition from Mr. Diokno's Anti-Bases Coalition, the court ruled that "the right to freedom of assembly is not to be limited, much less denied, except on a showing of a clear and present danger."

The government said it had denied permits for all opposition public rallies because communist terrorists planned to use the protests to stir up violence that would be blamed on the government.

However, the court said, "the possibility that subversives may infiltrate the ranks of the demonstrators is not enough" to justify the restriction of the right to free speech.

The court decision, 10-1, was the first to support an opposition petition against the government since Mr. Marcos declared martial law in 1972, legal sources said.

The ruling gave approval for a demonstration against U.S. military bases planned for Wednesday in front of the U.S. Embassy.

The demonstration, concluding a three-day international nuclear disarmament meeting, is designed to show public opinion against the bases.

At the opening of the conference, Mr. Diokno said the bases have made the Philippines a "primary target" for nuclear attack.

U.S. officials say the bases, among the largest outside the United States, are needed for U.S. defense policy in the Pacific and Indian oceans.

Mr. Diokno said the court decision should also apply to permits for demonstrations against the Marcos government. As a result, he said, organizers will move ahead with plans for big protests by women and children starting Friday.

Meanwhile, sources at Manila International Airport said military agents using a secret, closed-circuit television system may have videotaped the opposition leader Benigno S. Aquino Jr.

The sources said the West German-designed monitoring system, which was turned over to the military last year, includes a remote-controlled camera capable of scanning the area of the airport where Mr. Aquino was shot.

A visual check Tuesday confirmed the camera's placement above the tarmac at Gate 8, where both Mr. Aquino and his alleged assassin were killed.

There has been no mention of the system in any of the investigative reports so far filed by authorities looking into the assassination. Representatives of Maschinen und Technik (Matich), the West German company that designed and helped install the system, said it was turned over to the Aviation Security Command, or Avsec, in April last year. Avsec was in charge of airport security the day Mr. Aquino was shot.

Reagan Says Nations Asked U.S. for Help

By Patrick R. Tyler and David Hoffman
Washington Post Service
WASHINGTON — The Reagan administration justified its coordinated attack on Grenada on Tuesday as a pre-emptive measure to prevent U.S. citizens from being taken hostage and as an urgent response to requests from six Caribbean countries to restore order and stop the spread of Marxist revolution in the region.

President Ronald Reagan, Secretary of State George P. Shultz and senior administration officials, in a series of public statements and briefings, said that an "atmosphere of violent uncertainty" on the island prompted a series of high-level meetings late last week and through the weekend leading to the invasion decision Sunday that was backed by Jamaica, Barbados and an alliance of other Eastern Caribbean countries.

The concern of these nations, after last week's coup on the island, was summed up in a statement by Dominica's prime minister, Eugenia Charles, who appeared with Mr. Reagan in a morning address by the president. "It is not a matter of an invasion," she said. "It is a matter of preventing this thing [Marxist revolution] from spreading to all the islands."

Mr. Shultz said the final invasion order was given by the president on Monday afternoon after consultation with the Joint Chiefs of Staff and was followed by an airborne assault by U.S. Marines and two U.S. Army Ranger battalions before dawn Tuesday.

The action took members of Congress by surprise and appeared to raise significant diplomatic and political questions over the use of U.S. military power in the Caribbean over the president's authority to commit U.S. troops under the War Powers Resolution.

U.S. troops were reported encountering "pockets of resistance" around St. George's, Grenada's capital and largest city.

Mr. Reagan said Tuesday that he had authorized the invasion to "protect innocent lives" and "forestall further chaos" on the island and to restore "democratic institutions" after a coup in which "a brutal group of leftist thugs violently seized power."

The president announced the invasion in the White House briefing room early Tuesday morning. Declaring that "American lives are at stake," Mr. Reagan said he had "received reports that large numbers of our citizens were seeking to escape the island, thereby exposing themselves to great danger," and "concluded the United States had

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A Trek Over Afghanistan's 'Ho Chi Minh Trail'

Following the Mujahidin Infiltrators. Is an Ordeal of Fatigue and Fear

By William Branigin
Washington Post Service
SHOMALI PLAIN, Afghanistan — We reached the crest of the hill at dusk and gazed out over the vast plain below. In the distance ahead and to the left shimmered the lights of Bagram, site of the Russian's biggest air base in Afghanistan and probably their most heavily guarded military installation in the country. Ahead and to the right, tracer bullets flashed low across the landscape between two villages, accompanied by the sounds of battle.

In the hours to come, we would have to thread our way between those two zones. But several miles separated them, and the land was mercifully flat. After the seemingly endless mountains we had crossed during the previous six days, I looked forward to easier going.

It was not to be. What followed was my longest night in Afghanistan, and my severest ordeal. It became a nightmare that made me curse my editors, the entire newspaper business and my own folly for ever having accepted an assignment to accompany the mujahidin.

AFGHANISTAN

Inside a Soviet War Zone

Second of five articles

The Afghan Muslim guerrillas battling the Soviet occupation of their country.

The trip started in Peshawar, capital of Pakistan's wild and woolly North-West Frontier province, where the various Afghan guerrilla groups maintain their political headquarters in exile. There, I made arrangements with Jamiat-Islami, or the Islamic Society of Afghanistan, which many observers consider the strongest resistance group in the country. I would accompany a Jamiat team to the battle-scarred Panjshir Valley to meet the party's foremost guerrilla commander, Ahmed Shah Massoud, and see the organization he had built up.

It was not long after leaving Peshawar in a jeep on Aug. 5 that I heard the first shots fired in anger during my six-week trip. From a village near the road came the sounds of a rocket-propelled grenade launcher and automatic rifles, the result of some new misunderstanding between rival tribes who periodically wage open warfare in the tribal areas along the Afghan border.

After passing through the Pakistani town of Parachinar and bouncing across a wide, rocky river bed, we reached the sprawling Afghan refugee settlement of Terri Mangal, a village of mud-brick houses, some two stories high, stood on the older site. Tents sheltered the new arrivals. Heavily decorated trucks and

Hundreds Are Reported Killed in Attack on Afghan Town

New York Times Service
NEW DELHI — Several hundred men, women and children were killed in Soviet and Afghan government attacks early this month on a small town north of Kabul, a Western diplomatic report from the Afghan capital said Tuesday.

A Western diplomat in New Delhi, quoting the embassy report, said the figure of hundreds of deaths was a low estimate of civilian casualties in the attacks on Istait, in the Shomali Valley, between Oct. 12 and Oct. 17. Assaults on neighboring villages apparently continued until last week.

A report last week said that MIG fighter-bombers and helicopter gunships, backed by artillery and tank fire, leveled half of the town and destroyed most of its ancient market. Tuesday's report said that at least three other villages were badly hit, but had no details of casualties in those settlements.

The casualties in the attacks on suspected guerrilla positions in Istait, a town of 2,500, are among the highest recorded in a single assault during the four-year war between Soviet insurgents and the forces of President Babrak Karmal.

At least 30 Soviet soldiers were killed and several captured after the rebels who escaped from Istait regrouped and counterattacked. Rebel casualties were said to be high. Istait is 15 miles (24 kilometers) north of Kabul.



An Afghan guerrilla with an old Lee Enfield .303 rifle.

Allies Give U.S. Envoy Support on Nicaragua

By Joanne Ormang
Washington Post Service
WASHINGTON — The U.S. special envoy to Central America, Richard B. Stone, who returned last week from three weeks in Western Europe, found government and opposition leaders there "much more sympathetic than expected" to U.S. policy toward Nicaragua, according to sources familiar with the trip.

However, the allies were critical of the Reagan administration's approach to El Salvador and particularly urged a more open attitude toward Cuba, the sources said Monday.

"He made a very impressive presentation," said a European diplomat here of Mr. Stone's visit to his country. "He saw absolutely everybody and seemed to listen very well."

Named in June to facilitate talks between the Salvadoran government and leftist guerrillas working to overthrow it, Mr. Stone turned his attention to courting European allies this month after the Salvadoran effort appeared to be stalled.

He visited nine European capitals, speaking with the prime ministers of Italy and Austria and the foreign ministers of Britain, France, West Germany, Belgium, Spain and the Netherlands. Only in Greece did Mr. Stone see second-level officials, which State Department officials said was an indication of the strong interest European leaders have in U.S. actions regarding Central America.

A Senate staff aide who visited West Germany just after Mr. Stone reported, however, that West European support may be more pragmatic than emotional. "They seemed to be saying that they might as well go along with us on this one that doesn't matter to them in order to get us aboard later on something important," the aide said.

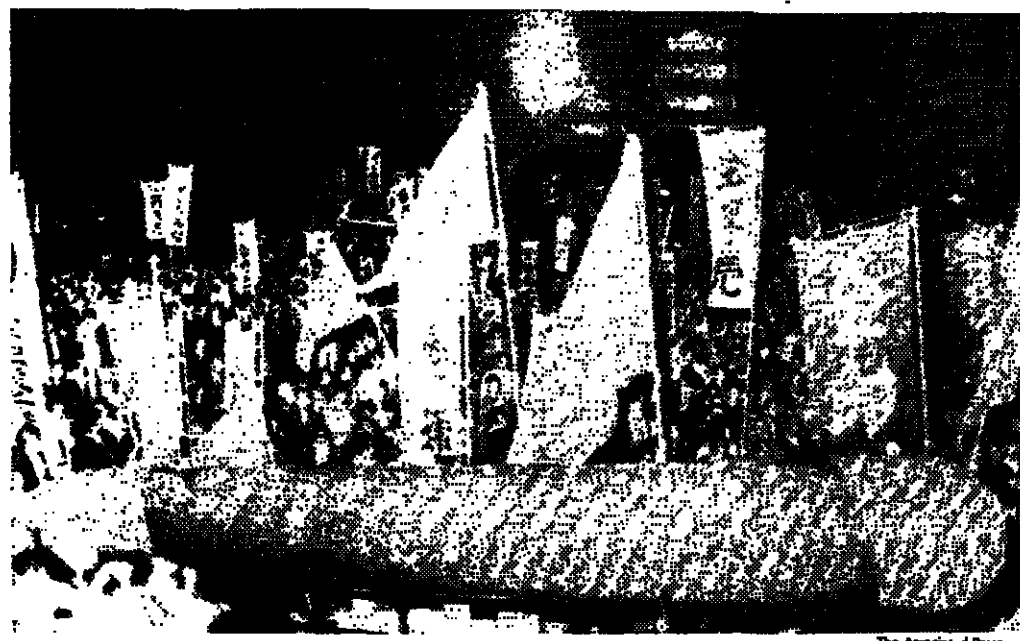
Government leaders in all of the European nations understood the U.S. decision to put the late events in Nicaragua, even if they did not agree with the decision to support rebels against the Sandinists, an official close to Mr. Stone said.

"They all agreed that it was essential to prevent them from becoming a totalitarian state," the official said.

Mr. Stone was repeatedly urged, however, to consider allowing leftist Salvadoran guerrillas to share power. The United States and El Salvador have refused to consider such an option, but many of the West Europeans said negotiations between the warring Salvadorans would be unlikely to reopen otherwise, the official said.

Mr. Stone was also advised to listen more openly to the Cubans. "But channels are open there and, if they have anything to say, we'll hear it," the official said.

Mr. Stone's trip appeared to have boosted his stock within the State Department, where he was regarded with suspicion and widely viewed as an interloper sent by the former national security adviser, William P. Clark. "He did a very professional job. I was frankly surprised," said a State Department specialist on Central America.



Reagan Dismisses 3 Members Of Civil Rights Commission

Compiled by Our Staff From Dispatches
WASHINGTON — President Ronald Reagan has dismissed three of the six members of the U.S. Civil Rights Commission to make room for his own nominees, the White House said Tuesday.

Mr. Reagan has been accused of encroaching on the commission's independence since May, when he nominated Morris Abram, John Buzell and Robert Destro to replace three holdover members from previous administrations. On Tuesday, he dismissed those three — Mary Berry, Blanche Ramirez and Rabbi Murray Salzman.

He has angered civil rights groups and their allies in Congress, who contend he lacks the legal power to dismiss commission members or replace them against their will.

But the White House said in a statement announcing the removals, "It is the constitutional power of appointment, so long a part of the American political tradition, that is at stake here."

The dismissals also reflect a continuing impasse in the Senate that has left the commission without budget authorization since Sept. 30, the end of the last fiscal year.

"This issue at stake in this matter is not the removal of certain individuals or the Civil Rights Commission itself," the White House statement said. "The issue is the

responsibility of the president to exercise the power given to him by law.

The commission, created in 1957, is an advisory body that investigates discrimination. It has no enforcement powers. It submits reports to the president and Congress and, over the years, many of its recommendations have become law.

The White House contended legislation before the Senate Judiciary Committee would thwart "the president's ability to exercise his power of appointment" by specifically retaining the three holdovers he dismissed Tuesday.

Mr. Reagan "is appreciative of the efforts made by a number of senators to reach a common solution on this matter," but disappointed that negotiations on a possible compromise have failed, leaving the commission technically out of business, the statement said.

"Thus far, the president has refrained from using his authority to remove the commissioners who would be replaced by his nominees while the Senate was considering their qualifications," the White House said.

"But in order to break the present deadlock and allow the commission's authority to be extended, the president has reluctantly concluded that he has no choice but to

remove the three holdover commissioners."

The controversy over Mr. Reagan's nominees has focused as much on the independence of the commission as their own merits.

So far, none of Mr. Reagan's nominees has been confirmed. Like the three dismissed Tuesday, they are Democrats, but they share Mr. Reagan's opposition to busing to achieve school integration and affirmative action goals to increase minority employment.

The White House statement Tuesday stressed all commissioners serve "at the pleasure of the president." The prerogative of replacing commissioners — an act requiring Senate confirmation — has been used sparingly.

Various options had been reviewed on how to break the impasse — including enlarging the commission, staggering the terms and retaining the current commissioners.

At the White House, the deadlock has been a source of frustration, compounded by anger directed at the commission in general and its Democratic members in particular.

Mrs. Berry and Mrs. Ramirez were appointed to the commission by President Jimmy Carter, and Mr. Salzman was named by President Gerald R. Ford.

(UPI, AP)



ARCTIC CRUSH — At least three Soviet ships are still trapped by pack ice off the coast of far northeastern Siberia, Tass reported Tuesday. Icebreakers are en route.

Conservatives Accept Women Rabbis

By Charles Austin

New York Times Service

NEW YORK — The faculty at the Jewish Theological Seminary of America has voted 34-8 to admit women to the rabbinical studies program and ordain them as rabbis within Conservative Judaism.

Monday's vote culminated years of controversy over whether Conservative Judaism could accept women as rabbis, and it was certain to set off additional controversy.

The seminary is the only body in the United States authorized to ordain Conservative rabbis, and in the past its choices have been uniformly accepted for membership in the Rabbinical Assembly, the major international organization for Conservative rabbis.

Though a majority of Conservative rabbis support the move, there has been considerable opposition from those who believe that ordination for women violates Jewish law.

Until Monday's vote the seminary had been unable to come to a decision on the matter. In 1979 the faculty put off a vote that would have admitted women. A year later the Rabbinical Assembly voted 156-115 for ordination for women. But last summer, the first woman

to apply for admission was denied membership because she fell four votes short of the two-thirds majority needed.

That meeting was marked by heated debate over whether Jewish law permits ordination for women and over how the decision to accept women as rabbis would affect relations with Orthodox Judaism.

Monday's vote is likely to heighten tensions between the Conservative and Orthodox wings of American Judaism. Orthodox Judaism staunchly opposes ordination for women, saying it violates Jewish religious law. It has been increasingly critical of a number of recent decisions taken by both the Conservative and Reform branches of Judaism.

Reform Judaism has ordained women for the last 11 years; there are now about 60 women rabbis in the United States.

Dr. Gerson D. Cohen, chancellor of the seminary and president of its faculty, characterized Monday's decision as "full of debate" but without rancor.

"We have been able to overcome inhibitions of centuries and achieved a major step in the equalization of women in Jewish religious life," Mr. Cohen said in an interview.

The seminary is the highest academic authority for the worldwide Conservative movement, which has rabbis and congregations in North and South America, Israel, Japan and several countries in Europe. As yet, no women have been ordained as rabbis by the Conservative movement anywhere in the world.

A group within Conservative Judaism that opposed the faculty decision said after the vote that the decision "defies all norms of Jewish jurisprudence." The group, the Union for Traditional Conservative Judaism, issued a statement that challenged the way the matter was put to "popular vote of the seminary's entire teaching staff — few of whom would claim expertise in Halakha, a third of whom are not rabbis, some of whom are not even religiously observant."

Halakha is Jewish religious law that is based on an oral interpretation of the Scriptures. The dissenting organization said it would convene its own panel of scholars to pass judgment on Jewish legal matters and establish a journal that would serve as "an organ of Halakic opinion within the Conservative movement."

Reagan Tries Appeasing Democrats on IMF Vote

By Juan Williams and Hobart Rowen

Washington Post Service

WASHINGTON — President Ronald Reagan, yielding to demands by the speaker of the House, Thomas P. O'Neill Jr., has expressed his "strong appreciation" to 21 Democrats for voting to increase funding for the International Monetary Fund without unnecessarily tying its hands.

The long-awaited letter, sent late Monday and designed to assure Democrats' support for a stalled \$84-billion appropriation for the international lending agency, may backfire, losing votes of liberals and conservatives, said Representative David R. Obey, a Wisconsin Democrat, one of the 21.

The 21 Democrats had been attacked in a Republican congressional campaign committee fund-raising letter for voting to "give loans to Communist dictatorships." The Republicans had called the Democrats' vote a "slap in the face of the taxpayers."

Mr. O'Neill, a Massachusetts Democrat, had denounced that reaction as "red-baiting." He said he would block a further vote on the urgently requested increase in the U.S. contribution to the IMF if the president did not apologize.

Mr. Reagan's letter to the House read in part: "While I understand much rhetoric and controversy has surrounded this issue, it is my hope that differences on both sides of the aisle could be laid aside, thus allowing for early passage."

The issue arose over an IMF funding bill amendment that would require the fund's U.S. director to vote against making loans to Communist countries. The amendment passed, 242 to 185.

In a telephone interview Monday night, Mr. Obey said Mr. Reagan's apology offered only a "grudging, convoluted and grace-

Studies Say U.S. Tax Burden on Poor Has Grown Substantially Since 1978

By Robert Pear

New York Times Service

WASHINGTON — The federal tax burden on poor people has increased substantially in the last five years, according to new studies by congressional tax experts and several economists.

The increase, they said, continued despite the action taken by Congress in 1981 to reduce tax rates across the board for people at all income levels.

The increase was most significant for people near the government's official poverty level. A family of four was classified as poor last year if it had cash income of less than \$9,862, which is called the poverty level. The Census Bureau reported in August that 15 percent of all Americans were living below the poverty line.

For a family of four people with an income of \$9,862, federal payroll and income taxes together took 9.6 percent of income last year. By contrast, federal payroll and income taxes took just 4 percent of income in 1978, when the poverty level stood at \$6,662.

The poverty level now is substantially higher than the point at which people start paying income taxes, and a new study by the Congressional Joint Committee on Taxation shows a widening gap between the two levels. The poverty line is adjusted for inflation, rising each year to reflect changes in the Consumer Price Index, but there is no such adjustment in the starting point for taxes.

Hence, according to Eugene Steuerle, an economist at the Treasury, "more and more people below the poverty level are becoming subject to federal income taxation."

This reverses a trend established in the last two decades. The study by the professional staff of the joint committee said, "Through the 1960s and 1970s, Congress attempted, in several tax reduction bills, to eliminate the tax burden on families whose incomes were below the poverty line."

Last year a family of four at the poverty level had to pay \$285 in income tax and \$661 in payroll taxes, for a total of \$946, or 9.6 percent of its income of \$9,862. The tax burden is expected to rise to 9.8 percent of the poverty-level income this year and 10.1 percent in 1984, the committee estimated.

The tax burdens were somewhat heavier for larger families. For a family of five people last year, the poverty level was nearly \$2,500 higher than the threshold at which people must start paying income taxes. So a family of five at the poverty line had almost \$2,500 of taxable income. Such families owed 10.3 percent of their income in taxes, the committee said.

In another study, Timothy M. Smeeding, an economist at the University of Utah, said he had reached the same conclusion as the congressional committee. "Clearly," he said, "there are poor and near-poor people in America today who must pay significant amounts of tax."

While many poor people receive tax-exempt welfare and Social Security benefits, the congressional joint committee said, there are also many poor people who must rely on fully taxable earned income as their primary means of support.

Economists said the increase in tax burdens for the "working poor" coincided with two other developments: the government's increasing dependence on payroll taxes to help finance Social Security and Medicare, the health insurance program for the elderly, and the Reagan administration's success in curtailing welfare and Medicaid benefits for the working poor.

Payroll taxes accounted for 19 percent of all federal revenue in 1965 and 23 percent in 1970, according to Treasury data. They will account for 35 percent this year and 37 percent in 1988, the Treasury estimates.

"Payroll taxes are a much heavier burden on low-income earners than are income taxes," Mr. Smeeding said.

In social welfare programs, one of the biggest changes made by Congress at President Ronald Reagan's request was to eliminate or reduce cash assistance payments for the working poor.

Pointing to such changes, Jack A. Meyer, an economist at the American Enterprise Institute, a private nonprofit research group, said last week that "a disproportionate share of the budget-cutting burden was placed on low-income households" in the last two years.

"I can't always choose my destination but thank goodness I can choose the airline."

This is an authentic passenger statement.



Lufthansa
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Cardhu 12 Year Old Highland Malt Whisky

Distilled by CARDHU Distillery, Knockando, Morayshire, since 1824.

Peronists Stump Among the Opposition

Campaign Foray by Movement's Leader Points Up Close Race for Presidency

By Edward Schumacher
New York Times Service

CORDOBA, Argentina — In the Argentine, the political heir to Juan Perón, gambled on Peronism's most sacred day by bringing his presidential campaign here to the heart of the opposition. And the crowds roared.

More than 150,000 people, by conservative estimates, carpeted 10 city blocks on Oct. 17, the anniversary of the party's founding. They beat drums and chanted the name that has rocked this nation for 40 years: "Perón! Perón!" But this time they mixed in the name "Luder."

Many of the younger men, evoking the appeal of Perón's wife Eva to the "shirtless ones," went bare-chested on a balmy spring night.

With national elections aimed at ending nearly eight years of military rule scheduled for Oct. 30, the rally was the latest in a revival around the country of Peronism's legendary but long-dormant spirit.

Mr. Luder, a silver-haired former law professor and senator whose stiff style was not igniting voters, responded with seldom-seen passion. His own shirt collar open, he slashed the air with his hands for emphasis in an off-the-cuff speech lashing at Peronism's historical enemies: the military, the oligarchy and foreign influences.

The three, he said, "find themselves in a pitiful agony, and have lost control of the internal and external situation, and have brought us to the border of national dissolution."

"We declare to all Argentines that Peronism will bring the country justice and order for all — for the helpless, for the forgotten of the earth," he shouted.

Campaign organizers credit the

revival to a coalescing of the party's many factions in the face of a rising campaign by Mr. Luder's rival, Raul Alfonsín, the candidate of the Radical Party. Mr. Luder is a slight favorite, but pollsters say the race is so close that the Peronists could lose their first election in 40 years.

The Peronist campaign was being largely carried by memories of the Peronist past. Scratchy recordings of speeches by Juan and Eva Perón became campaign mainstays to bolster the 66-year-old Mr. Luder's preference for what he calls "prudence." But Eva Perón died in 1952 and Juan Perón in 1974; Isa-

bel Perón, Perón's last wife and successor, is in silent self-exile in Spain.

Mr. Luder upset party leaders by coming to this interior city. Known for its magnificent colonial churches and universities, Córdoba is Argentina's second city after Buenos Aires. It is also a political stronghold of Mr. Alfonsín.

Party leaders had demanded that Mr. Luder celebrate the party's founding in the industrial suburbs of the capital, a Peronist stronghold seen as a safe draw in a numbers war between the candidates over who attracts the largest

crowds. Mr. Alfonsín had been winning.

It was on Oct. 17, 1945, that the Argentine masses, beckoned by Eva Perón, went into the streets and won the release from barracks arrest of Juan Perón, then a colonel. It was the first flexing of the Peronist muscle that was to lead to Juan Perón's election as president months later.

But while the overwhelming response underscored the continuing power of Peronism, Peronism itself remains a tender issue that divides Argentines.

Its adherents insist that it is not a party, but a movement, and it does have a mythic appeal. "Peronism until death," declared Angelo Oscar Ranón, a 52-year-old news vendor who attended the rally with an Argentine flag draped around his neck. "We have only one leader — Perón — but Luder is part of the doctrine."

"I am a Peronist from my soul," said a tiny 41-year-old nurse in the midst of the throng. "It was Peronism that gave me a scholarship as a child to be what I am."

Peronism even has its own language. Peronists call each other *compañeros*, or comrades, and the desire to be one is imbedded by parents in their children.

Mr. Alfonsín has been reminding voters that past Peronist governments have been marked by terrorism, censorship and union thuggery. Mr. Luder has accused Mr. Alfonsín of encouraging divisiveness and has insisted that Peronism has "matured."

Mr. Luder is a moderate rightist in the party spectrum. That mostly means he is anti-communist, a point that until several days ago he had been reluctant to make because of the discomforting fact that he has been endorsed by the Communists and other leftist parties, whose votes he needs. The leftists say they are siding with "the people."

But even Mr. Luder, who with the Peronist right is closely allied to labor unions, favors expansive welfare and state control of major industries, such as utilities and oil.

Raids Force Nicaragua To Make Energy Cuts

Washington Post Service

MANAGUA — The Nicaraguan government announced sweeping measures Tuesday to save energy following a series of attacks by guerrillas on the nation's oil installations in the past seven weeks.

The steps include cutbacks ranging from 10 percent to 30 percent, depending on the type of consumer, in supplies of gasoline under an existing rationing program and other measures such as turning off street lights after midnight. Private motorists will be restricted to 18 gallons of gasoline a month compared with 20 gallons until now.

The steps, which take effect next Tuesday, were announced in a full-page communiqué published in *Barricada*, the official newspaper of the ruling Sandinist front. It warned that further conservation

measures could be adopted in case of "an increase in the terrorist aggressions that imperialism, by means of the CIA, is directing against Nicaragua."

Anti-Sandinist guerrillas have staged five attacks on the nation's oil installations since Sept. 8. The Central Intelligence Agency urged the insurgents to start attacking major economic targets after the failure last summer of a strategy of seeking to seize and hold territory in northern Nicaragua, according to rebel and U.S. intelligence sources.

In the two most damaging raids so far, guerrillas set fire to fuel storage tanks in the ports of Corinto and Benjamin Zeledón. The flames destroyed about four million gallons of gasoline, diesel oil and other fuels, or the equivalent of about a week's national consumption, according to diplomats.

In addition, guerrillas twice sabotaged an underwater pipeline at the crude oil receiving terminal at Puerto Sandino that handles more than three-quarters of Nicaragua's petroleum imports. In a third incident, a rebel pilot's rockets missed their target.

The government did not announce any tightening in rations for the military or for industry. Officials said these sectors were considered too important to be deprived of fuel. Some vital industrial installations will be permitted to operate on Saturdays, the communiqué said.

Mexico provides Nicaragua with virtually all of its crude oil and refined products. Nicaragua generates about half of its electricity by burning petroleum.

3 Party Officials Killed In Guatemala, Chief Says

The Associated Press
GUATEMALA CITY — Three rural leaders of the Christian Democratic Party have been shot to death in their homes, the party leader, Vinicio Cerezo, said Monday.

He said he believed local rightist leaders acting with the support of local authorities carried out the killings during the past two weeks in the town of El Semillero, 86 miles (139 kilometers) southeast of the capital. Christian Democratic officials say 33 party members have been killed in 1983 and more than 280 party members have been slain since 1981.

Bill Would Slow Tax Exclusion for Citizens Abroad

WASHINGTON — The chairman of the House Ways and Means Committee will propose a amendment to an \$8-billion tax bill scheduled for House consideration Thursday.

Under the Economic Recovery Tax Act of 1981, the exclusion is to rise from \$80,000 for income earned in 1983 to \$85,000 in 1984, to \$90,000 for 1985 and to \$95,000 for 1986 and thereafter. Under Mr. Rostenkowski's proposal the increases would be delayed until 1987, 1988 and 1989.

Aides to Mr. Rostenkowski said the amendment should be characterized as a "tax freeze," not a tax increase.



Prime Minister Yitzhak Shamir casting his vote Tuesday.

Israelis Take a Day Off To Elect Local Officials

United Press International

JERUSALEM — Israel voted Tuesday for 147 mayors and local councilmen in elections that may indicate the popular strength of the new prime minister, Yitzhak Shamir.

The results could indicate how candidates of the ruling Likud bloc fare without the coalition's founder, former Prime Minister Menachem Begin. The vote could also reflect attitudes toward the austerity measures planned by Mr. Shamir to cope with Israel's economic crisis.

Israelis who cast ballots were excused from work under a decision by the Israeli parliament, the Knesset. The holiday was criticized Monday by the *Jerusalem Post*, which said in an editorial: "Three and a half billion shekels [\$43 million] is what the day off decreed for tomorrow will cost."

Israeli soldiers in Lebanon began casting ballots Monday, and their voting was scheduled to last through Wednesday.

Jordanian Ambassador To New Delhi Is Shot

United Press International

NEW DELHI — Mohammad Ali Kourme, Jordan's ambassador to India, was shot Tuesday in front of his residence, and the Indian Foreign Ministry said the assailant, who escaped, appeared to be "connected with the Middle East."

"We suspect it is part of the overall terrorism connected with the Middle East situation," the Indian Foreign Ministry said. The ministry said the gunman was "a foreigner" but did not offer an explanation for the shooting.

The Indian government immediately increased security around all Arab embassies and checked airports, trains, buses, hotels and the whereabouts of foreigners who had recently arrived in New Delhi.

Mr. Kourme, 55, was in "deep shock" and was listed in critical condition at the All-India Medical Institute. He was shot seven times and sustained wounds to the neck, shoulder, stomach, leg and side, doctors said.

The ambassador, who remained conscious throughout the shooting, said, "I have seen him" but gave no other details, police said.

The ambassador's cook took Mr. Kourme to the nearby U.S. Embassy's health-care unit, where he was treated before being moved to the medical institute.

The assailant escaped in a taxi and kept shouting at the driver, "Connaught Place, Connaught Place. Speed, speed," the driver said. Connaught Place is New Delhi's main shopping area.

"The gunman was 30 to 34 years old, wearing light blue, baggy clothes, and had a moustache," a witness said. "He was a foreigner, not an Indian."

"When the ambassador got out of his black Mercedes in front of his house, the gunman walked up to him and began shooting. When the ambassador fell down after being hit by three shots, the gunman walked closer and stood over him, and kept shooting," the witness said. "Then the gunman ran a little distance to the shops, then walked, and then ran and disappeared."

Police said the assailant fired a few shots from his automatic weapon into the air to frighten shoppers who tried to pursue him.

He then climbed into a parked taxi and forced the driver to help him escape, police said. He jumped out of the taxi two miles (3.2 kilometers) away at a busy intersection and escaped.

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Israelis Disavowing Link To U.S. Role in Lebanon

By Edward Walsh
Washington Post Service

JERUSALEM — Fearful of a public opinion backlash in the United States, Israeli officials have sought to distance themselves from the chain of events that led to the dispatch of marines to Beirut and eventually to Sunday's bomb attack on the Marine headquarters.

The theme that the presence of the marines in Beirut was an "American decision" designed to protect "American interests" has been stressed by government officials and members of the political opposition alike.

At the same time, there was no indication that the attacks on the headquarters of the marines and the French paratroopers serving in the Beirut multinational peacekeeping force would have any impact on Israel's decision to concentrate its attention and military resources on its "security zone" south of the Awali River, away from the bloodshed and chaos of Beirut.

The Beirut attacks clearly heightened the Israeli sensitivity to any suggestion that their policies played a role in the direct U.S. involvement in Lebanon and now to a military disaster far worse than any single setback the Israelis have suffered during their 16 months in that country.

This was particularly the case because the attacks on the U.S. and French headquarters followed by only a few weeks a radical change in Israeli policy that, in effect, left the task of pursuing some of Israel's now-abandoned goals in Lebanon to the multinational force.

The Israeli move into West Beirut was part of an ambitious strategy devised by Prime Minister Menachem Begin and Defense Minister Ariel Sharon to see installed in the capital city a Christian-dominated government friendly to Israel. But that goal has now been all but abandoned by Israel's new leaders, Prime Minister Yitzhak Shamir and Defense Minister Moshe Arens, who last month ordered an Israeli withdrawal from the Beirut area to the enclave south of the Awali.

Since the Israeli withdrawal, there has been virtually no contact between the U.S. marines and the Israeli Army, stationed less than 25 miles (40 kilometers) to the south, according to an Israeli official.

Israeli officials acknowledged when questioned Monday that Israel still had a stake in the stability of Lebanon, and particularly in the prevention of a takeover or domination of its northern neighbor by Syria. But they suggested that this was secondary to the "vital interests" the United States has in Lebanon.

While reluctant to express themselves publicly, Israeli officials were clearly pleased by President Ronald Reagan's pledge that the United States would not be driven from Lebanon by acts of terrorism.

But even if the marines withdrew, there appears to be virtually no support here for a more active Israeli role in attempting to shore up the Lebanese government of President Amin Gemayel.

"We could come back to Beirut, but that is not going to happen and I don't think they [the Americans] want us to," a senior official said. "You know how painful and damaging it was. We don't need to do that again."

Testifying Monday at a closed session of a parliamentary committee on defense and foreign affairs, Mr. Arens reportedly emphasized the point made repeatedly by

other Israeli officials. He was quoted as having said that the marines entered Beirut to serve U.S. interests and to demonstrate its disassociation from Israel's policy at the time in Lebanon. He was quoted as having added, "The Reagan administration, the Congress and the American public know why the marines are there."

U.S. Warned By Russians On Mideast

Reuters

MOSCOW — The Soviet Communist Party daily *Pravda* said Tuesday that the United States should not use the Beirut bombing as a pretext for further involvement in the Middle East.

Pravda said the attack was "a direct result of the adventurist policy of Washington sending in its forces wherever the course of events does not follow the American scenario."

"Use of these blasts as a pretext for even greater involvement in Middle Eastern affairs will lead to complication of an already dangerous situation," a *Pravda* commentator, Pavel Demchenko, wrote.

He said it was no surprise that Iran had been blamed for the attacks on the French and U.S. contingents of the multinational peacekeeping force in Lebanon while "naval units of the U.S. and England wait off Iranian shores."

Syria, the Soviet Union's closest friend in the region, had also been mentioned, he said, because Syria stood in the way of U.S.-Israeli plans.

Western and Middle Eastern diplomats said that, while Moscow probably had no hand in the attack, the consequences suited Soviet interests in the region.

"The greater the chaos in Lebanon, the more the Syrians can extend their influence," one said.

The Kremlin has bolstered Syrian forces and given its backing to leftist anti-government troops in Lebanon with the aim of blocking U.S.-led peace arrangements, diplomats said.

Izvestia Attacks U.S. Role
Earlier, *Serge Schmemmann of The New York Times* reported from Moscow:

The Soviet position on the multinational peacekeeping force in Lebanon has been critical from the outset. *Izvestia*, the government newspaper, declared Friday that U.S. troops were sent into Lebanon "to do what their strategic ally, Israel, had failed to do — that is, to turn Lebanon into a military marshaling point for American imperialism in the Middle East, to make Lebanon a new victim of the Camp David conspiracy."

Moscow has insisted that peace in Lebanon can be achieved only by a total withdrawal of Israeli and Western troops. At the same time, *Izvestia* maintained that the "interference" of these troops could not be equated with the presence of Soviet-backed Syrian and Palestinian forces in Lebanon since these had been brought into the country by a decision of the Arab League.

Izvestia said the Soviet Union supported the "legitimate demands" of the Lebanese national-patriotic forces and of Syria for the withdrawal of Israeli occupation troops and interventionist "multinational forces."

U.S. 'Neoliberals' Gather To Redefine Their Cause

By William E. Farrell
New York Times Service

RESTON, Virginia — They call themselves "neoliberals" and admit, as one of their founders put it, that it is a terrible name for an important movement.

More than 200 of them — politicians, teachers, lawyers and others — gathered here last weekend. Surrounded by brick hints of autumn, they sequestered themselves in meeting rooms to seek ways to match their evolving ideas with a constituency they feel is waiting to be mobilized.

The conference was sponsored by *The Washington Monthly*, a small, spirited publication that is as serious as it is impetuous. The term "neoliberal" was coined by Charles Peters, a sprightly man who founded the magazine in 1969 and is its editor in chief. Mr. Peters, a former Peace Corps official and iconoclast, would like to find a better term to describe a movement that questions the tenets of what he and his followers call the "old liberalism."

In a speech that acknowledged the movement lacked unanimity on a number of issues, Mr. Peters said: "First of all, and most important of all, we are liberals."

"We criticize liberalism not to destroy it but to renew it by freeing it from its myths, from its old automatic responses in favor of unions and big government and against business and the military," he said. "We want to rescue liberalism from the prejudices, the blinders that keep it from seeing reality."

He went on to say that "neoliberals" were out to rectify a calcified concept of liberalism that was chary of criticizing "the good guys," such as public school systems, the civil service and the unions, and equally unwilling to

say anything good about "the bad guys, meaning the police, the military, businessmen and religious leaders."

He criticized the "me generation" attitude as a pernicious one, potentially debilitating to a sense of national unity, and said that, for far too many people, liberalism had devolved into a politics of lip service in proportion to the personal comforts one had attained.

"Neoliberalism," he said, meant, among other things, "voting for a candidate not on the basis of what he has done for you or your special group but on the basis of what he has done for the community as a whole."

The conference included panel discussions on education; health and the environment; law and the courts; national security; economic growth; and one called, simply, values, which drew a large audience.

At the discussion on education, Governor Bruce E. Rabbitt of Arizona, a Democrat, said the Democrats had for too long been "held in bondage by their own constituency, the education establishment."

Peggy Holliday, principal of Daniel Middle School in Raleigh, North Carolina, said, "We've got sorry teachers — God knows, we've got some bad ones — and it takes almost an act of God to get rid of them."

There, appeared to be general agreement that liberals were too bent on solving disputes through litigation. At the law and courts panel, the moderator, Robert M. Kays, said: "There are more lawyers in this room than in all of Japan."

Professor Robert Nagel of the University of Colorado Law School said the courts had often gone to "zany extremes," citing as an example one argument that "sleeping is a symbolic act of speech."

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ARTS / LEISURE

English Lavender Making Last Stand

By Erica Brown
New York Times Service

LONDON — There is something quintessentially English about the scent of lavender, conjuring up, as it does, the gardens of thatched cottages adrift with the plant and elegant, snow-haired women who always wear pearls and still powder their noses. But, like them, English lavender is something of an endangered species, even though natural scents, herb-based toilettries and potpourri are increasing in popularity on both sides of the Atlantic.

Today the only commercial grower of lavender in England is Norfolk Lavender Ltd. in Heacham.

"The whole lavender business almost died in the 1930s," said Henry Head, Norfolk's managing director. "Partly it was because the traditional growing areas close to London fell to suburbia, but mostly it was because of the introduction of synthetic essences for perfume. Then during World War II all export of lavender from France, the other main producer, stopped under the Occupation, and that kept the industry here afloat."

Norfolk Lavender grows its crop on about 100 acres (50 of them on the Sandringham Estate and leased from the queen) in and around Heacham, a village in northern Norfolk.

All commercially grown lavenders are hybrids and must be propagated by cuttings, Head said, adding: "We are constantly crossing varieties to try to get a higher oil-producing plant that, at the same time, keeps its fragrance. Once we find one — we get about one good cross per 1,000 tries — it takes two years to make sure the new variety is true. Only then can you take perhaps about 50 cuttings. Five years later you check those and take 50 more cuttings. Since you need 5,000 plants an acre, it can take about 20 years to get a five-acre field."

Forty people, most of them seasonal workers, harvest the lavender

to be dried first; that for oil is left longer. "You get more oil from flowers that are dying," Head said. Until 1964 the cutting was done by hand. Now a mechanical cutter does the work.

The flowers and stalks are shipped to a distillery, where those intended for oil are packed into copper stills. The result, a mere

hour later, is jars of water with oil floating on top. The distilled essence, on which the concern says the profit is minimal, smells nothing like gentle lavender. Indeed, it smells of very little at all, but it has an astringency that hits the nostrils. For perfume, aftershave and toilet water, which are more profitable, it is diluted, 4 percent essence to 96 percent denatured alcohol.

Lavender oil has a long history of medicinal use as an antiseptic and analgesic (Pliny recommended it for snake bites; others suggested it for headaches and faintness), and the flowers have been used for centuries, strewn among linen or tied into small bags and hung in clothes closets to keep moths at bay.

To get products containing true English lavender you have to be careful. "Many of the English firms use French lavender," said Head, and it seems the French does not have the subtlety of the English.

"We have a long association with Yardley and sell just under half our output to them," Head said, referring to the English cosmetics and toiletries producer. "The rest goes into our own products."

Even with Yardley products the shopper must be careful, Head said. In the United States, Yardley is operated under license by Jovan, a division of the Beecham Group of Chicago.

Richard Hinchley, the lawyer for Yardley United Kingdom, commented: "Jovan sticks closely to the original formula, but you would notice a difference in fragrance if you put the two side by side. Norfolk lavender has, if you are a good nose, a distinct and unique scent."



Tomoka turns his back on the tube to examine human fans.

Checking Out the Fans In the Washington Zoo

By Sandra Evans Teeley
Washington Post Service

WASHINGTON — He sat transfixed before the screen, watching the Redskins as he ate his natural-food snack. They would score, but he would show no emotion. At times, he would simply walk away in silence if the action wasn't to his liking, but then he would return.

Across the hall, his neighbor Azy was more expressive. As the football players returned to the scrimmage line, Azy leaped up excitedly, stared intently at the TV set — and urinated directly under it. He then went about the more absorbing business of chewing gum and climbing a tree at the same time.

In many ways, typical "Skins" fans, but in other ways not. These have more body hair than most and are confined behind bars, in the Great Ape house at the National Zoo. While some of them have definite potential as inhuman or even quarterbacks (one recently escaped gorilla in another part of the country threw a hapless human a number of yards without the slightest threat of being sacked, according to one zoo assistant), this is as close as they are likely to get to the National Football League jungle.

Each gorilla and orangutan in the Great Ape house now has access to a TV set, thanks to donations, and on any given Redskins Sunday they join millions of fans in front of the tube.

"We did it to counteract the boredom," Caldwell Graham, animal keeper leader at the Great Ape house, said of the decision to give the apes something to look at besides each other and the steady stream of hairless visitors. There is only so much a gorilla or orangutan can do in a cage, Graham pointed out.

Some of the apes weren't inclined to watch the "Skins" take on the St. Louis Cardinals in one recent game. Primates on the other side of the bars did watch, however — fathers, mothers and kids who came for the apes but lingered over the Redskins.

"Must not be much of a game if even the gorilla isn't watching," one man said lightly as he moved to turn away. In fact, most of the crowd, out in force in spectacular weather, didn't watch for long as the Redskins rolled to an easy victory over the Cardinals.

Football is only one thing the apes watch. They particularly like to see other animals, and are drawn to cartoon shows as well, Graham said.

A zookeeper of more than 30 years' experience, Graham said he had not noticed any changes in the apes' basic behavior since they started watching TV. Their natural inclinations apparently were already violent before they tuned in.

"He's a beautiful specimen, but he's mean, boy," Graham said of Hercules, an 18-year-old gorilla that sat spellbound watching the

Redskins game as he ate straw and pomegranate pieces.

Hercules appeared the most interested of the apes in the game. But then he's seen his own day of trades and popular appeal: On loan from the Baltimore Zoo, he was acquired with 2,000 books of trading stamps collected by the people of Baltimore, according to his zoo biography.

In contrast to Hercules' interest, the gorilla on the other side of the Great Ape house steadfastly refused to watch, staying far away and barely glancing in the direction of the best TV in the house, a color set no less.

Azy the orangutan knew how to steal the show, anyway. The crowd deserted the "Skins" and jammed into the narrow space in front of the orangutan cage to watch in delight as Azy tried to blow a bubble with his chewing gum and finally pulled the gum out of his mouth with his toes.

You don't get that from Joe Theismann, folks.

A Rare and Radiant 'Cherry Orchard'

By Sheridan Morley
International Herald Tribune

LONDON — The whirling of time brings in strange theatrical revenges: When Lindsay Anderson first directed "The Cherry Orchard" at Chichester in an undistinguished 1966 season, he was accused by one critic, Mervyn Jones, of selling out his Royal Court heritage to "a Haymarket tradition of famous actors and actresses which dispenses with any overall design or interpretation of the play." Now Anderson has returned to the play and taken it straight into the Theatre Royal Haymarket, where, sure enough, it works very well indeed.

This theater is rather better suited to the play than was Chichester, where the final locking-in of Firs always seemed a little strange given that the open stage had about half a dozen exits out of any of which he could have wandered. In Bernard Miles' wonderfully dotty new rendering he is well and truly shattered up to die as they start to chop down the cherry trees, and we are left with the very double vision of an actor whose theatrical heritage is also now in Mermad jeopardy.

But Anderson's new production is in no need of such nudges from real life. It builds and strengthens on its Chichester roots, gaining immeasurably from many of the lessons learned there. Back in 1966, you have to recall, they were still only a year or two from the great Lawrence Olivier-Michael Redgrave triumph at Chichester with "Uncle Vanya," and another Chekhov must have seemed an obvious winner. In fact it was not, largely because of Celia Johnson's deep unhappiness in the role of Madame Ranevskaya on the open stage, and the fact that she and Hugh Williams, as Gayev, seemed to be recalling "Brid Encounter" rather than the collapse of the Russian landed gentry.

Yet, coming as it did less than a decade after the celebrated Moscow Art Theater visit to Sadler's Wells had shown us how to get the cobwebs off Chekhov and play the real comedy instead of the phony nostalgia, Anderson's original

"Cherry Orchard" was the first to relate the play to local sensibilities: Tom Courtenay as an angry young man Trofimov and even the drenched elegance of the Johnson-Williams partnership suggested that you did not have to be Russian

THE LONDON STAGE

to forecast the coming of a revolution or regret the losing of a childhood nursery.

Anderson's return to "The Cherry Orchard" has recaptured a lot of that feeling: The only actor to survive into the current cast is Bill Fraser as a splendidly blustery Simonov-Pischik, but in giving the role of Gayev to another West End comedian untrained in the major classics (Leslie Phillips) and in having Trofimov played once again by one of the most promising actors of the current New Wave (Frank Grimes), Anderson has clearly laid his stage tracks in much the same direction.

Apart, however, from the prosecution arch, never more welcome, the real bonus this time is Joan Plowright: In a radiant return to the five theater after far too long an absence, her Ranevskaya is the first in 20 years to challenge Peggy Ashcroft's and is (unlike that other great dame) rooted in a kind of warm local experience all too seldom achieved by the British in Chekhov.

When this Ranevskaya returns to her estate for the last time it is almost as a character out of Enid Bagnold or N.C. Hunter, whose ghosts still inhabit the Haymarket: She is all of our family loony aunts going back to the family attic for a final romantic root around the human brio-a-brac, dealing along the way with aged and even loonier retainers. Thus we get not only

No More Jefferson Stamps

The Associated Press
WASHINGTON — The oldest stamp in the U.S. Postal Service inventory, a two-cent likeness of Thomas Jefferson, will be retired after Nov. 30, the Postal Service has announced. The stamp was first issued in 1954.

'David' Museum Is Closed for Repairs

The Associated Press
FLORENCE — Authorities have closed for repair the Academy of Fine Arts in Florence, which houses works of art that include Michelangelo's David.

City officials said Tuesday that the museum would be shut for about four months for major work such as installation of air conditioning and humidity control. The work is to start next month. David, hewn from a block of marble abandoned by another sculptor, is celebrated for its anatomical perfection. The statue was finished in 1503.

Lord Miles solemnly addressing his legs as if they were recalcitrant children, but David Bentley as the walking disaster Yephodov and Margaret Robertson as a mustachioed conjuring governess. On the other side of the green baize door we get Joanna David and Cora Kinnaird in fine elegant form as Varya and Anya, while hovering somewhere on the threshold is Frank Finlay's Lopakhin.

Finlay and Plowright as a stage team go back a long way, which means we can take for granted Lopakhin's unstated devotion to the lady from whose estate he is about to evict her. But the purchase of the cherry orchard is not played here as the usual act of aggression in a class war. Instead, it is just one more inevitable event in a brisk social comedy of changing times and it is not until the play's ending an act later, with the suitcases in the hall and the tears oddly enough in the eyes of the one man not truly affected by the sale (the neighboring Pischik), that we realize we are already past the watershed.

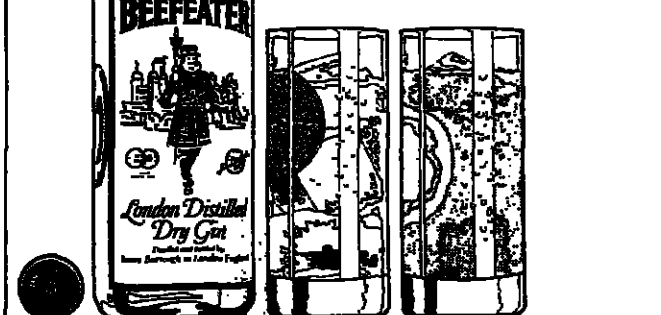
This is a production of rare and

remarkable insights, superior in almost every way to the recent National Theatre revival: yet it is no discredit to the present performance of Bernard Miles that I left it inevitably thinking about the last Firs I had seen: Sir Ralph Richardson, whose death was announced while I was in China. With that death we have lost perhaps not the Prospero but certainly the Merin of our theater. Of the four great actor-knights of the British classical stage in this century, he alone dealt directly in magic. He was Priestley's supernatural inspector, and when he came to call you always knew that there was going on something rather more than met the eye. How wonderfully fitting that his final appearance should have been in a play at the National Theatre about his beloved fireworks, but also a play that looked as though it was going to be about a man witnessing a murder and turned out in the end to be about nothing less than Italy at war. With Richardson gone, the "inner voices" are never going to sound quite the same again.

BEING KNOWN AS A NUMBER CAN BE A VERY PERSONAL THING

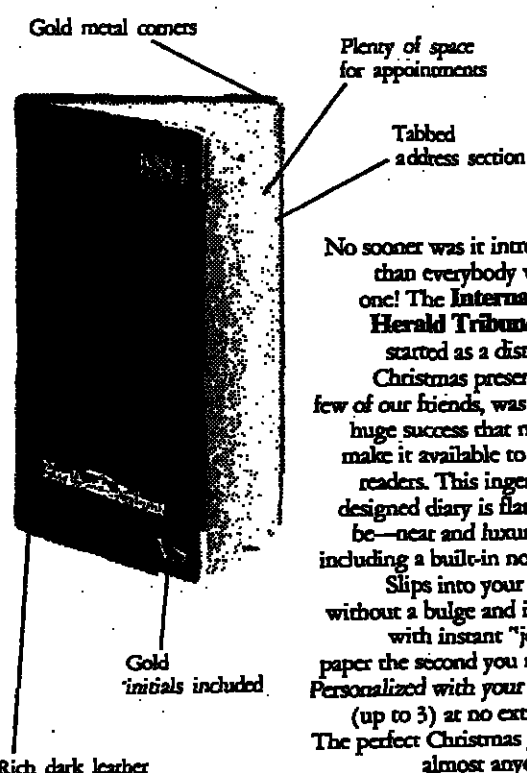
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INSIGHTS

Silicon Valley Is Shaken by a New Tale of Espionage

By Robert Lindsey

New York Times Service



A man identified as James Durward Harper Jr., an accused spy, is shown in a picture taken in the mid-1970s.

SAN JOSE, California—In what used to be a lush agricultural valley, where specks of silicon almost anyone could become a millionaire, James Durward Harper Jr. and William Bell Hingle were among the losers.

Now Mr. Harper is accused of espionage, and he has accused Mr. Hingle, one of the first of the entrepreneurs who came here two decades ago and helped create the high-technology industry, of complicity in a plot to send U.S. military secrets to the Soviet bloc.

Much remains to be unraveled about the espionage case. Mr. Hingle has not responded publicly to the accusation, although members of his family say he denies it. But the case has shaken as never before the community of 900 or so industrial companies near here.

Long regarded as the world's foremost center of electronics research and development, the area has become known as Silicon Valley, from the silicon, a derivative of common sand, that is used to make the tiny electronic circuits that drive modern computers, missile guidance systems and various other things, from clock radios to electronic video games.

Before their investigation is over, federal officials say, they expect other people here besides Mr. Harper to be arrested for illegally providing data about American technology to hostile countries. At least 35 espionage cases are being investigated in California's computer-chip industry, a U.S. official was quoted as saying last week. He added that "the valley has become a hotbed of spies, trained in the latest aspects of high technology."

Mr. Harper's lawyer, William Dougherty, says his client has admitted the espionage and has identified at least six persons who, for a fee,

provided data that Mr. Harper later sold to Polish agents. The Federal Bureau of Investigation says the Poles turned the materials over to the KGB, the Soviet intelligence agency.

According to security specialists and others in Silicon Valley, the investigation of Mr. Harper and other recent espionage cases in California's military-related industry have demonstrated the vulnerability of U.S. technology to foreign agents, the weakness of security measures at some companies and the apparent ineffectiveness of federal counterintelligence in protecting the technology.

Local police say that in 1978 federal agents ignored a tip that an American was selling important technical data to the same Polish agent who was accused this week by the FBI of directing Mr. Harper's espionage activities.

Moreover, the security specialists here say the Harper case has provided new evidence of how, while high technology has created huge fortunes

for some people, a few others turn to technological espionage to accumulate their fortunes. One law enforcement source said that after a period in the Carter administration when relatively low priority was given to the problem, federal agents are now investigating at least a dozen cases of possible foreign espionage in Silicon Valley.

"What you've got in the valley is a very aggressive group of overachievers," said John D. Shea, a security consultant to industry and the Central Intelligence Agency. "It's a highly motivated, fast-track, materialistic environment; most people live far beyond their means; there are more Ferraris and Mercedes in this area than anywhere in the world." In such an environment, he said, some people sell secrets to keep up with the crowd.

In an affidavit made public by the Justice Department, Mr. Harper is accused of delivering technical data about the Minuteman missile system of such importance that Yuri V. Andropov, now the Soviet leader and then the head of the KGB, gave awards to the Polish agents who received the material.

It is alleged that Mr. Harper obtained the material from his wife, Louise, who had a "secret" security clearance at a company where she worked, Systems Control Inc. She died of cirrhosis of the liver in June at the age of 39.

According to the affidavit, Mr. Harper said he first provided data about American technology to the Poles in 1975, after being introduced to them by Mr. Hingle in Warsaw.

It also quotes him as saying that at a 1979 meeting in Geneva with Mr. Hingle and Zdzislaw Prychodzin, a lieutenant colonel in the Polish intelligence service, it was agreed that proceeds from the sale of documents to Poland would be divided equally between Mr. Hingle, Mr. Harper and Mrs. Harper.

Mr. Harper is said to have admitted traveling to Europe often in 1979 and 1980 with documents sought by Polish agents and receiving more than \$250,000 from them.

The affidavit says an unidentified former Polish intelligence agent, apparently a defector, corroborated much of Mr. Harper's story. But the account of his espionage comes largely from statements that Mr. Harper made anonymously to the Central Intelligence Agency in a strange, unsuccessful attempt over two years to become a double agent.

According to Mr. Dougherty, Mr. Harper's attorney, a man who identified himself as "Jay" and who turned out to be Mr. Harper called him at his office near Los Angeles in September 1981 and asked for a meeting. He said he had chosen Mr. Dougherty because he had read in a book about his role as a defense attorney for Christopher John Boyce, who was sentenced to 40 years in prison for espionage in 1977, subsequently escaped from prison and in 1981 was recaptured.

At the meeting, Mr. Harper agreed to turn himself in only if he was guaranteed immunity from prosecution. At subsequent meetings, he provided statements in response to questions from the CIA about his espionage activities. Mr. Dougherty said that in March 1982 Mr. Harper named Mr. Hingle and at least one other person in Silicon Valley who he said were involved in the operation.

Bid for Immunity Failed

Mr. Dougherty said the FBI and the CIA somehow managed to identify "Jay" as Mr. Harper on their own, possibly by establishing that he had a relationship with Mr. Hingle. He said he believed the agencies delayed arresting him because they hoped he might eventually be useful as a double agent.

In the end, the negotiations proved fruitless because the Justice Department refused to grant Mr. Harper the blanket immunity from prosecution that he demanded. Mr. Dougherty said he had urged Mr. Harper to turn himself in and take his chances with the government.

"I had him on a string of gossamer," Mr.

Dougherty said. "I couldn't break the string. I had no way of contacting him; he always contacted me. He said he wouldn't do anything without immunity."

Finally, federal agents, apparently fearful that Mr. Harper might try to sell abroad more than 100 pounds (about 45 kilograms) of documents that he said he had hidden, decided this month to arrest him.

He was wary that he would be killed," Mr. Dougherty said, "but I couldn't talk him into turning himself in. He knows his computers, but he doesn't understand how the courts work. He doesn't have a college education, and he's not as smart as he thinks he is."

Mr. Harper, who is 49, and Mr. Hingle, who is about 10 years older, were among the first of the engineers and entrepreneurs who came to this valley in the late 1950s and early '60s and joined in what would become a period of technological ferment that some writers have compared in importance to the beginnings of the Industrial Revolution.

Companies Went Bankrupt

Some of the two men's contemporaries, such as Robert N. Noyce, Gordon Moore, Charles Spork and Jerry Sanders, founded companies that made them hundreds of millions of dollars. In this giddy period of corporate risk-taking and growth, even clerical workers and janitors who took employee stock options from fledgling companies became millionaires.

But neither Mr. Harper nor Mr. Hingle ever made it big. Both owned companies that went into bankruptcy in 1975. That is the year, the FBI affidavit alleges, that they first met in Warsaw with Polish agents.

Mr. Harper is a native of Fresno, California, who grew up in a small town north of San Francisco. He served in the Marine Corps as an electronics technician before being discharged, his lawyer said, for "psychological reasons." He then used his technical training to start a career in Silicon Valley, where he became a specialist on the power supply systems used in electronic devices.

Described by friends as an athletic, hard-drinking womanizer who enjoyed gambling and taking risks, he started two electronics companies, but neither succeeded.

Mr. Hingle is a much more prominent figure in Silicon Valley. He came here in 1962 with his wife, Frances, who was also an engineer and who has since died, and helped establish what is now one of the better-known companies here, Siliconix. He left after two years, and over the next few years he established at least six other companies, some of which had modest success.

As years passed, Mr. Hingle, a short, portly man called "the big man" by Mr. Harper, became an outspoken and colorful figure in the electronics industry. In 1972 he ran briefly as a Democratic candidate for Congress, and in public he often criticized American restrictions on the exports of technology to Communist countries, calling them useless and harmful to free trade.

"He is very flamboyant, always on the social circuit," Philip Gregory, an associate in an industry organization, said. "He's always got some kind of a deal, wheeling and dealing with everyone."

"Hingle was like a number of other pioneers who never quite put it together," said Michael Malone, who is writing a history of Silicon Valley. "They've been around the winners, but they haven't done it. They have tremendous backgrounds, they know everybody. They've got their Mercedes and a few bucks, but the Valley has punished them as much as it has rewarded them."

The salient truth of Silicon Valley is that you've got to make the big score or it'll kill you. The hills around here are filled with people who are not famous like the guys we know about, but others who tried and never made the big score."

The Day 'Shultz Roared': A Turning Point

By Don Oberdorfer

Washington Post Service

WASHINGTON—A showdown meeting in the Oval Office on Aug. 4 between an angry Secretary of State George P. Shultz and a startled President Ronald Reagan restored the waning influence of the administration's senior diplomats and may have contributed to the resignation 10 weeks later of William P. Clark to a post outside foreign policy, according to administration sources.

On "the day Shultz roared," as it is known in the corridors of the State Department, no resignation was suggested or submitted by the secretary of state, who said later, "I'm not a believer in threatening to resign." But the weighty implications of Mr. Shultz's complaints about policy-making and military policy, which he privately described as "a disgrace," generated alarm in the White House that Mr. Shultz would quit unless changes were made.

The appointment of Robert C. McFarlane to succeed Mr. Clark as Mr. Reagan's national security adviser places a bureaucratic veteran in charge of White House coordination of diplomatic and military policy, a shift considered likely to reduce the influence of ideology in foreign affairs decisions, tighten up their management and improve the State Department's position.

It places Mr. Shultz in a position to exert greater leadership in policy-making, but it is uncertain whether this cautious, careful man will choose to do so in the face of international and domestic crosscurrents, including the approach of the 1984 presidential election. Among his close friends, it is an article of faith that Mr. Shultz will return to private life in January 1985, whether or not Mr. Reagan wins a second term.

Mr. Shultz's sudden arrival in Washington as secretary of state in July 1982 released tension and high emotion about U.S. foreign policy that had mounted while Alexander M. Haig Jr. was in the job. And it created great expectations that Mr. Shultz would bring stability and increasing success to U.S. diplomacy.

In his 15 months on duty, Mr. Shultz has made good to a large degree on the promise of greater calm and cohesion, at least at the State Department. But hopes for successes have yet to develop in the central problem areas—U.S.-Soviet relations, the Middle East and Central America.

Mr. Shultz's consensus-seeking, back-room style of operating, his unexciting demeanor and aversion to controversy have removed him from the public eye to an extraordinary degree and left many officials, as well as the public, in the dark about what he is thinking and doing.

The flash point of irritation that prompted Mr. Shultz's Oval Office visit in August was the sudden decision, which State Department sources said was made without Mr. Shultz's knowledge or participation, to order U.S. naval maneuvers of unprecedented size and duration near Nicaragua.

Mr. Shultz had participated in earlier top-level discussions of the military exercises, and State Department aides took a prominent role in lower-level interagency meetings. Sources said it was Mr. Shultz's clear understanding that the National Security Council had sent the question back to a lower-level interagency group for further discussion.

With the issue unresolved in these committee meetings, Mr. Reagan approved orders for the maneuvers that were dispatched through military channels without Mr. Shultz's knowledge, the sources said. At the State Department it was believed that Mr. Clark and Defense Secretary Caspar W. Weinberger had executed an end run to advance the military activity.

Disclosure of the military plans in The New York Times on July 23, in the midst of a heated House debate about U.S. policy in Nicaragua, infuriated congressional leaders, who had not been consulted or even informed about the maneuvers, and jolted nearly everybody else in official Washington—including the secretary of state.

Mr. Shultz trooped up to Capitol Hill with Mr. Clark to mollify angry legislators in closed-door briefings, without revealing that he was just about as upset as they were. Nonetheless, Mr. Shultz seemed to be "very frosty" with Mr. Clark at the Capitol, according to a person who saw them together there.

Privately, Mr. Clark disclaimed any intention to decide or exclude Mr. Shultz, and he arranged for an aide to supply a copy of the maneuver orders to the State Department.

But for Mr. Shultz, the job of soothing Congress while seething inside was the last straw after a series of rebuffs from the White House, according to those who watched him then.

With two Israeli leaders in Washington for intensive meetings and much other business pending, Mr. Shultz waited for more than a week before expressing his dismay to Mr. Reagan.

In the meantime, the administration suffered a serious defeat in the House, which voted 228-195 on July 28 against undercover CIA aid to rebels fighting the government in Nicaragua.

The U.S. maneuvers were cited by House Speaker Thomas P. O'Neill Jr., Democrat of Massachusetts, as one of the chief reasons for this vote. Criticism from the public, the media and congressional leaders of both parties had

mounted to the point where the suddenly announced maneuvers seemed more and more a political disaster.

Time magazine's issue of Aug. 1 featured Mr. Clark on its cover against a backdrop of Central America with a foreground of bold letters: "The Big Stick Approach." Fifteen pages into the cover story package was an article on Mr. Shultz, "Disappearing Act at Foggy Bottom," with a photo caption saying he was "too reticent to take control."

On Aug. 3, The Washington Post's White House correspondent, Lou Cannon, under the headline "President's Strong Man Stretches South," reported that Mr. Clark had emerged as the dominant figure in Mr. Reagan's Central American policy. That evening, NBC's diplomatic correspondent, Marvin Kalb, reported that "senior administration officials" believed that Mr. Shultz might leave the administration because of his increasing frustration and unhappiness.

Precisely what Mr. Shultz said to Mr. Reagan the next day in the Oval Office is unclear. One source said the two were alone, at least for a crucial part of the meeting. Another account was that they were joined by Vice President George Bush, Mr. Clark and some other senior White House officials, and that Mr. Shultz unveiled "a laundry list" of complaints, including disputes about diplomatic appointments and a "back channel" presidential message to Chancellor Helmut Kohl of West Germany, as well as the Central American maneuvers.

The impact of Mr. Shultz's objections was powerful, by all accounts, especially coming from a man who had been remarkably relaxed about bureaucratic "turfs" and prerogatives. "When he finally roared a bit, people were shocked," one official said.

Mr. Shultz's complaints about disarray in the making of foreign policy are reported to have been cited by high-level White House staff members who had been feuding with Mr. Clark for reasons of their own. In this way, Mr. Shultz's objections are believed to have played a role in the decision to shift Mr. Clark from a powerful foreign policy post to the Interior Department.

Another result was a White House decision to give the secretary of state greater access to the president, including a regularly scheduled series of meetings for just the two of them. Mr. Reagan has gone out of his way to see Mr. Shultz and his wife, often socially. Last weekend's golf outing in Augusta, Georgia, is one of several occasions on which Mr. Reagan and Mr. Shultz have been together after hours.

Mr. Shultz was as surprised as everyone else by Mr. Clark's sudden move. Publicly, he had



William P. Clark

nothing but praise for Mr. Clark, and he sent him a warm letter noting that the secretary of state sits next to the interior secretary at the cabinet table. Some people close to Mr. Shultz, though, doubt that he can forget what happened over the summer.

If Mr. Shultz is to take a more forceful role, he will have to grasp the reins of leadership in a way that is uncharacteristic for him, several officials said.

Mr. Shultz's method, in part a legacy of his earlier experiences as professor, a labor negotiator and a cabinet official in economic affairs, is to concentrate one by one on outstanding problems, meticulously analyzing the components of each and seeking insights into the central issues that can be broadly accepted as part of a consensus for policy and action.

This is careful, time-consuming and undramatic. It also leaves nearly everyone involved in the process with admiration for Mr. Shultz personally, whether or not the policy works. To an extraordinary degree, several officials said, Mr. Shultz is willing to give others credit for what he does, a trait that increases his effectiveness in the inner councils but obscures his role to outsiders.

"His idea of getting something done is not to have a press conference or to make a speech but to have a meeting with McFarlane or the president or with Weinberger, to get a study launched or to make sure that a presidential trip is going to accomplish the desired purposes," a Shultz associate said.

Perilous Trek Over Afghanistan's 'Ho Chi Minh Trail'

(Continued from Page 1)

group I was with varied between two and about 50.

The road from Terri Mangal to the Afghan border climbed steeply. After hiking up it for half an hour, I was exhausted. We would walk for another 10 hours that day, hiking through passes as high as 11,000 feet (3,356 meters). Shortly after crossing into Afghanistan, we came across five deserters from the Afghan Army. They were dressed in shabby clothes and wore colorfully embroidered pullover caps on their shaved heads. Two were barefoot. They said they had come from Kabul, and I thought of the miles they had walked over mountain trails and rocky paths.

We were on one of the main infiltration routes into Afghanistan: a Ho Chi Minh Trail of the mujahidin. Caravans made their way in both directions, to carry supplies into Afghanistan or to stock up in Terri Mangal. Camels laden with timber from the denuded hills on the Afghan side of the border plodded across to where new mud houses were being built.

Along the way we occasionally stopped at *chakhmehs*, or teahouses, that have sprung up for traveling mujahidin since the Soviet intervention. Usually, a meal of round, flat bread and greasy, soupy mutton stew can be had at these teahouses as well as a place to sleep on the floor.

These way stations symbolized the extent to which the jihad, or Muslim holy war, has become a way of life in Afghanistan. It struck me that if, as the conventional wisdom has it, Soviet forces are in Afghanistan for the long haul, then so, too, is the Afghan resistance.

Fields Cultivated

On the third day of our trek, the route took us past the abandoned hillside village of Jegdelek. It was one of the most severely damaged of the numerous bombed-out villages I saw. Gray bomb casings with Soviet markings, shrapnel, fallen timbers and rubble from the mud-and-straw houses littered the area.

Yet, corn was growing in fields outside the village. Obviously, an effort was being made to continue cultivation. I was told this was being done by the mujahidin to ensure food supplies. A local alliance of five mujahidin groups led by Jamiat jointly maintained a nearby way station. Formed two months before, the grouping included adherents of both the so-called fundamentalist and moderate mujahidin alliances that sprang each other in Peshawar.

"That's okay," Homayun, the Jamiat representative, said. "They get along very well here." It became increasingly apparent at other stops that allegiances and rivalries in Peshawar often have nothing to do with arrangements on the ground inside Afghanistan.

I also found continued solid popular support for the resistance all along the way, although Jamiat fighters said rival factions had alienated the people in other areas. The group I accompanied made a point of paying for everything

provided by the teahouse owners or villagers who fed us en route.

The extent of popular support for the mujahidin, and anti-Soviet feeling, became more apparent one night when we made a wide detour after villagers told us that Soviet tanks were guarding a pass we intended to go through. We learned later that no tanks were there, only dead horses from an earlier ambush.

Eleven of us became separated from the rest of the group, which included the pack horses with all our gear, and we ended up stopping for the night in the open within 50 yards (45.5 meters) of an Afghan government militia post. The only weapon we had was a Soviet Makarov officer's pistol. In fact, we had nothing to fear.

The militiamen, in reality working with the resistance, gave us each water and a hard-boiled egg for dinner. And when it started to rain around midnight, they let us come inside the hilltop post and sleep in a corridor. When we left at dawn, they warned us of Soviet deployments.

Helicopter overflights frequently forced us to take cover. But they appeared mainly to be troop carriers and to be flying too high to bother us, even if they were interested. I began to look forward to the sound of their approach for the respite it gave me from walking.

Along the way we met more deserters. One man said he had walked all the way from Herat, near the border with Iran, and was headed back to his home near Jalalabad. A dozen traveling together were from different parts of the country. Another said he had been forced to serve as a guard at Kabul's notorious Pul-i-Charkhi prison. All said they had been press-ganged into the Afghan Army and had escaped at the first opportunity.



Afghan fighters count out bullets at a way station on one of the infiltration trails.

The routine of our walk was broken on the fifth day, when we forded the Kabul River at night to avoid being spotted by Soviet or Afghan government forces posted nearby. As we approached the river by walking down a long rocky slope, a local guide whispered urgently, "Mines!" and gestured with his hands to illustrate an explosion. I got the message and tried to follow exactly the footsteps of the person leading me down the path.

Heading for an Ambush

On the other side of the river we passed a group of determined-looking mujahidin armed with 10 Kalashnikov rifles and half a dozen rocket-propelled grenade launchers. They were heading for an ambush on the Kabul-Jalalabad road and exchanged with us the usual Afghan murmurs of greeting and encouragement: *mandeh nabash* (may you never be tired) and *zendeh bashi* (may you have a long life).

Still separated from our horses, we walked on into the night for what seemed like hours up rocky slopes, seemingly out in the middle of nowhere. Then suddenly, we crested a hill and I stared at an astonishing scene. In a grove of trees by a rushing stream, dozens of Afghans sat or lolled on mats and blankets spread here and there beside stands selling food, tea, candy, cakes, even American cigarettes and Coca-Cola.

Kerosene lanterns swayed from poles marking each merchant's open-air tea garden, and portable cassette players blared a cacophony of mujahidin songs, popular ballads, poetry and religious chants. Loud voices and laughter mingled with the discordant music as a brisk breeze rustled the leaves overhead. Nearby, a bombed-out village lay abandoned, silent.

The scene struck me as surreal, but nobody else seemed to think it unusual. It was just one of the better established mujahidin way stations on the trail.

We learned that the rest of our group had already passed through, and we were off again at dawn. Our trek took us through more bombed and abandoned villages. Then, under a blazing midday sun, we set out over a vast, arid landscape of barren hills. We walked for six hours between sources of water in temperatures reaching 95 degrees Fahrenheit (35 centigrade).

We eventually caught up with the rest of our group and spent most of the next day resting in a grove of mulberry trees. As the horses grazed and we lounged in the shade, a steady traffic of Soviet planes and helicopters flew overhead. Then, after much solemn cleaning of guns, paying and payment of a "passer's fee" of 100 afghanis (\$1.16) each to a pair of guides, we struck out for Bagram.

Nothing had quite prepared me for the walk into Afghanistan, and by now both legs were aching. Every step was an agony as I hobbled to keep up with the rest of the group, which had swelled to about 50 with a dozen horses.

We made a detour across abandoned fields toward a mountain, on top of which we were told the Russians maintained a post. Unable to see a thing in the dark, I kept stumbling in the furrows and falling down, landing as often as not on spiny shrubs and nettles. It was all I could do to resist shouting out in rage and pain.

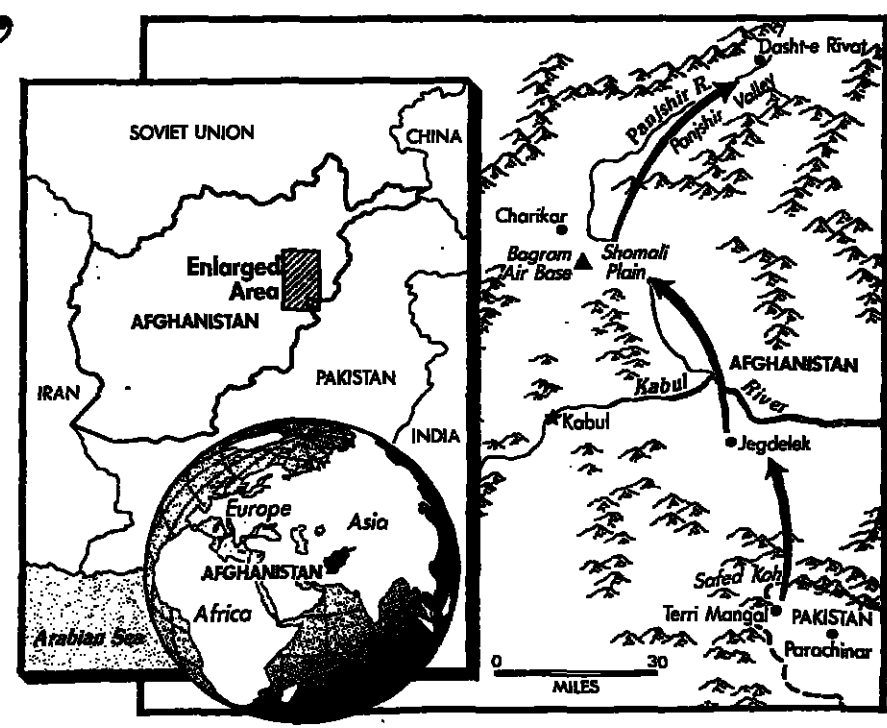
We reached the mountain and began a treacherous descent to a river that ran around the far side of it.

After we had gotten well away from the mountain, a small group of us waited on a hilltop for the horses and the others to catch up by a different route. We had a clear view of the fighting between two villages and watched as red and white tracers from machine guns flew in both directions.

The occasional boom of a rocket-propelled grenade or the thump of a mortar could be heard as we watched and waited. Later, I learned that the fighting was not, as I presumed, between Soviet troops and the mujahidin, but between local guerrilla forces of Jamiat and its archrival, the Hezb-i-Islami resistance group.

We moved on. As we approached a village we heard the sound of gunfire, now suddenly not very far away. The group began to run. To avoid getting separated, I held on to one end of Homayun's scarf as he fairly pulled me along. Staggering and stumbling, I ran on in the dark, at times nearly weeping with pain. Then, as we raced through a silent village, we noticed that our guide, Agha Gul, was missing. We were lost. Near panic gripped the other Afghans, and Homayun called out his name.

I wondered if this night would ever end. We plunged on this way and that, and luckily found Agha Gul. Villagers waking for their early prayers guided us in the right direction, often accompanying us to the next village. Dawn was



Arrows show route of correspondent's journey from Pakistan to Panjshir Valley.

starting to break when we ran into one village who reproached us angrily.

"Why did you come that way?" he hissed, pointing behind us. "You almost ran into a Russian post."

I had no idea how close it was, but now we were past Bagram. The sun was up when we entered a Jamiat-controlled village and we were guided to a two-story house. We had hiked, clambered, stumbled and run for 12 hours, and I could barely stand. I collapsed onto a mat on the floor and fell asleep.

Friendly Village

I awoke a few hours later to the sound of jets and helicopters flying overhead. Bombs crashed seemingly a couple of miles away. I lay still, too tired to move.

In the afternoon, following a meal, we moved out again. We rejoined our group, horses and all, and, at nightfall, walked through a heavily bombed area that evidently had once been prosperous. The ruins of abandoned two-story houses, some reduced to timbers and blocks of dried mud, looked eerie in the moonlight.

The next morning we were joined by the Jamiat area commander, Aga Sheerin, a 27-year-old with a powerful build. He had been training for the Afghan Olympic wrestling team when the first Communist government came to power in Kabul in 1978. He quit to join the mujahidin. He said his main problem was a running battle with the area's Hezb-i-Islami faction.

The next day, after another night march, we

made our way up the valley whose entrance the house protected, and by afternoon we beheld our goal. From a ridge we gazed at the blue-green waters of a river flowing rapidly down the narrow valley. Green fields and orchards stretched up the valley floor, flanked by high mountains that rose almost vertically on either side.

This was the Panjshir, the valley that the Russians almost destroyed but could not take. Now it was again bountiful, and at peace. The way back turned out to be much easier. I set out a little more than three weeks later with Abdul Kuduz, 40, a former captain in the Afghan Air Force who served 12 years before defecting in 1978; Shabi Khan, 32, a rugged-faced former Afghan Army lieutenant; and Gul Kari, 34, an affable former domestic cook in Kabul who rented me his pack horse, and two youths.

Shortly before we left, the Panjshir guerrilla commander, Ahmed Shah Massoud, concluded an agreement with one of two Hezb-i-Islami groups that had been battling Jamiat forces in the area south of the Panjshir. Thus, we were able to transit previously hostile territory and avoid the night march past Bagram Air Base.

We reached my starting point of Terri Mangal in a blazing six days from the Panjshir. As we approached the border across the Saffed Koh plateau off to the right where jets had just pounded guerrillas besieging an Afghan Army garrison.

A breeze blew the smoke across a rocky ridge into the relative safety of Pakistan. From where it had come, the war was raging on.

Next: A charismatic guerrilla leader.

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(Continued on Page 18)

Both bulls and
bears turn to the
**Commodities
Column.**

pan. For
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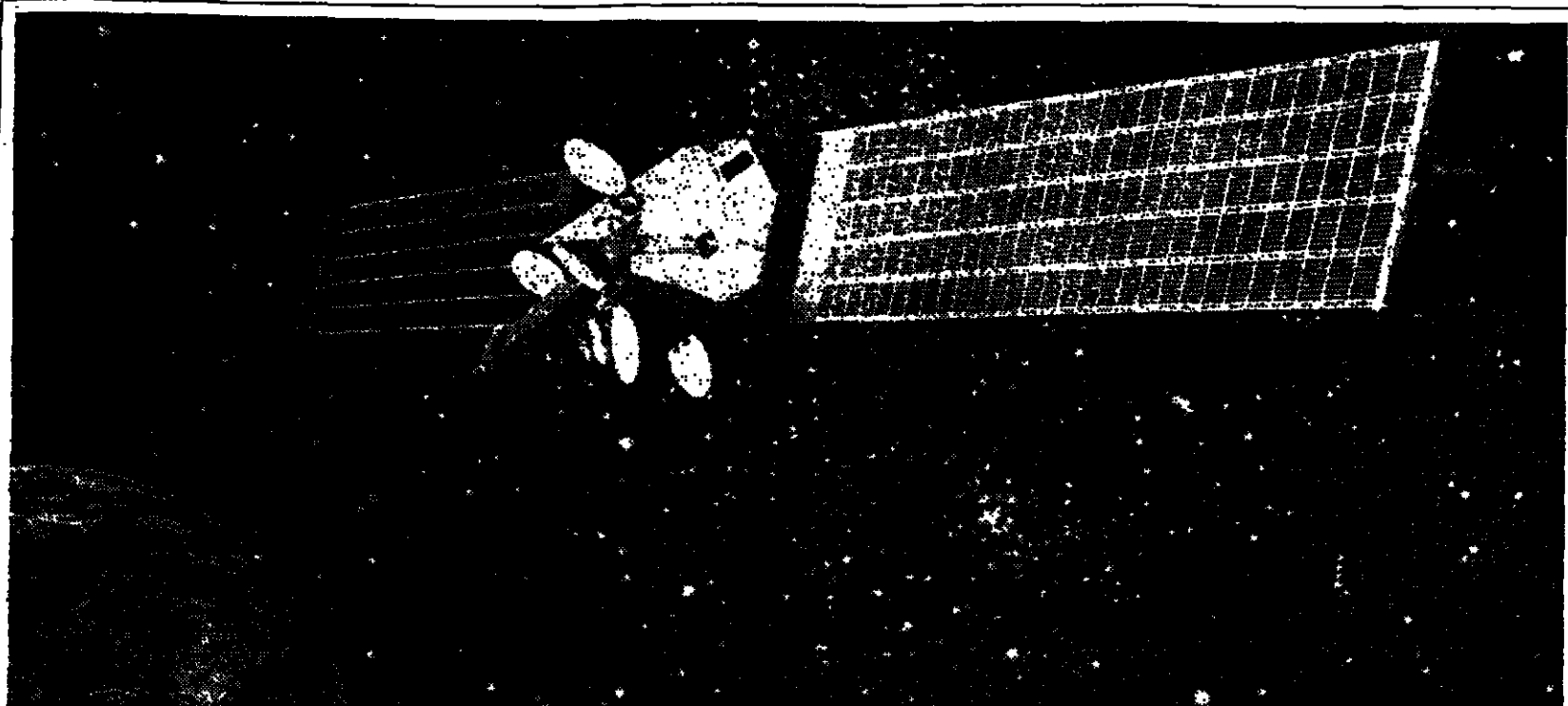
COMMUNICATIONS TECHNOLOGY

A SPECIAL REPORT — PART II

WEDNESDAY, OCTOBER 26, 1983

Part I Appeared
In Yesterday's Editions

Page 9



EUROPE'S SPACE HOPE — Model of European telecommunications satellite that will be launched aboard Ariane in 1986. The craft will be used for direct television broadcasting; its center is 3.5 meters high while the satellite measures 27 meters from tip to tip of its solar arrays.

International Satellites: Monopoly Under Attack

By Jonathan Miller

WASHINGTON — The global satellite-communications monopoly is under attack. For 20 years, the International Telecommunications Satellite, called Intelsat, has exercised virtually total control over international space communications.

Those communications have become very big business: Intelsat generates revenues of \$400 million a year and carries two-thirds of all international telephone calls and almost all international television transmissions.

Nobody has questioned Intelsat's technical virtuosity, and many have admired the cooperative spirit in which Intelsat has conducted its affairs. But the organization is now in flux.

In recent months, several organizations seeking a segment of the growing international satellite market have challenged the monopoly of the U.S.-created Intelsat.

Earlier in October, the 109 member governments of Intelsat met in Washington where they confirmed an American, Richard Colino, as the new director-general of the organization. Mr. Colino has pledged to resist assaults on Intelsat's monopoly. The Intelsat governments also unanimously passed a resolution affirming a "single global satellite system."

But there seems little doubt that major change is coming. The resolution by the top decision-making body may preserve Intelsat as the only system with global coverage — but it does not seem to inhibit the development of separate regional systems.

Strains in Intelsat have been developing for some time. One year ago, members of Intelsat disagreed sharply over the establishment of the European Telecommunications Satellite Organization, or Eutelsat.

The United States opposed this creation of Europe's national communications monopolies because it would compete with Intelsat for international traffic. The United States argued that such competition was incompatible with the basic Intelsat agreement, which the United States claimed established Intelsat as the sole global satellite carrier.

The dispute was settled with a compromise that allows Eutelsat to operate within Europe for five years, with possible extensions.

Additional challengers have threatened to try to compete directly with Intelsat in its most lucrative North Atlantic basin.

Two announced prospective competitors to Intelsat in the United States are the Orion Satellite Corp., a creation of several entrepreneurs from the cable television industry, and International Satellites Inc., primarily owned by TRT Communications, a subsidiary of United Brands.

There also are strong indications that British and Japanese industrial interests are interested in competing with Intelsat on both Atlantic and Pacific routes.

U.S. officials have not yet developed a clear position. "We do not think it would be appropriate to get into a protracted discussion [of Intelsat competition]

at this time," said Ambassador Diana Dougan, director of international communications policy at the State Department.

Privately, other U.S. government officials complain that they have little evidence on which to base a policy. A Commerce Department official complained that economic analysis of the possible economic harm to Intelsat was lacking and said: "What we need are facts. So far, we haven't got very many."

The stakes are high. The international market for satellite communications services are expected to more than double to \$10 billion annually by 1990.

Gauging likely economic harm to Intelsat is made complicated by unique characteristics of Intelsat's capital and tariff structures. But there is no question that membership in the Intelsat club is a good deal for the 109 national communications operators who participate. Most of the investment, \$332 million in 1982, comes from the biggest countries, in relation to an ownership share based on each country's use of the system.

On the revenue side, Intelsat operates as a cooperative, charging satellite use rates to cover costs and to produce a return on investment to those who finance the system. In 1982, return on investment was 15.9 percent. Given growth in international communications (telephone circuits more than doubled between 1978-1982), some analysts believe that by 1987, Intelsat could be handling two billion telephone calls a year in addition to television and other leased services, and be producing a return on investment of almost 30 percent.

Intelsat's direct revenues account for only a fraction of the total expenditures on international communications links. By far the biggest component is derived from charges for circuits of national carriers. These markups can increase the price to end users of international circuits to 10 times the fee charged by Intelsat.

Multinational corporations in particular favor diversity of international facilities. Some of the biggest boosters of Orion and similar projects have been big U.S. banks and broadcasting organizations. Traditionally heavy users of international communications, they expect to depend even more heavily on such links in the future to tie together new generations of computers and to transport programs for new television services.

National prestige also is on the line. The Europeans and Japanese want to encourage their own space and communications industries. They see competition to Intelsat as providing an expanded market for their hardware. Some Europeans and Japanese want to end what they see as U.S. domination of the global communications infrastructure.

Potentially the biggest loser is the Communications Satellite Corporation, Comsat, the U.S. commercial participant in Intelsat. Comsat owns 24 percent of the global system and enjoys exclusive access from the

(Continued on Page 12)

Nations Fear Computer Crime Havens

By George Gudauskas

PARIS — With computer use and abuse rising worldwide, officials of most Western nations have a new fear — the development of "computer crime havens," where freewheeling manipulators can operate at will.

Computer and telecommunications systems are being developed so rapidly that both individuals and governments are frequently unable to comprehend or respond adequately to the changes that they will require.

Even now, most Western countries admit they have few effective measures in place to repress illegal, unauthorized or

always be detected. Most often it involves electronically stored and transmitted data and information, usually seen but not removed or destroyed. Even when crime is detected, it often goes unreported, according to experts, because the victims, frequently banks, fear bad publicity. Prosecution is made difficult, if not impossible, by the elusive nature of the supposed crime.

So, there is some secrecy around all this stuff of computer crime," Mr. Kenneth added. The 24 member nations of the Paris-based OECD are trying to agree on what exactly computer crime is, as part of the study that is probably the first international examination of its kind.

Officials of some nations, notably Canada and Denmark, completely object to the expression, saying what is called computer crime by the news media is nothing more than computer-related crime or computer-aided crime. Canada and Denmark prefer these terms. France is not sure. Legally, no such thing exists as computer crime, one Canadian official recently remarked, just as there are no such things as adding-machine crime, electronic-calculator crime, pencil crime, pen crime or paper crime.

But the Western countries are beginning to arrive at a broad definition of computer crime — any illegal, unethical or unauthorized behavior involving automatic data processing or transmission of data or both.

Computer crime — national or international — can in-

volve one or several acts, according to the experts.

It may include the manipulation of data, software and hardware, such as computer terminals. It can be computer espionage, software theft or even theft of computer time. Computers can be sabotaged and computer facilities can be used to commit an offense.

Most commonly in all countries it involves the theft of money by means of a computer. In the United States alone, the dollar value of computer crime has been put at \$300 million.

In London recently, £780,000 was lost by a bank when thieves intercepted a telephone call from a bank official or lawyer to "authenticate" forged drafts. The money, in Kruggerands, or gold coins, was then delivered to a bogus company.

So far, there has been no Great International Computer Robbery. But, as computer use increasingly reaches across national boundaries, officials are worried that they lack the measures to cope with computer crime. They are also worried that some public officials lack awareness of the broad ramifications of such criminality.

"One danger of computer crime is that very clever people can use a lack of legislation or a contradiction between two national laws to do something with international implica-

(Continued on Following Page)

Japan, Following Trend, Aims To Break Up Phone Company

By Peter McGill

TOKYO — In what could be Japan's biggest corporate breakup, the largest company, the Nippon Telegraph and Telephone Public Corporation, known as NTT, is losing its telecommunications monopoly and is targeted for dismemberment and privatization.

NTT, with assets of 9.9 trillion yen, sales of 4.34 trillion yen and profits of 369.6 billion yen for fiscal 1982-1983, easily dwarfs any other Japanese company. Its four research laboratories near Tokyo are the front line of Japan's push into data processing. There, work on ultra-high-speed chips — such as the Josephson junction and gallium arsenide — is challenging the U.S. grip on supercomputers. An NTT project to develop an "intelligent computer" rivals that of a Ministry of International Trade and Industry project for a "fifth-generation" computer. NTT's blueprint for an integrated-network system (INS) linking new electronic media via optical fibers is the most ambitious in the world.

A bill to divide NTT into a central telecommunications company and up to five regional companies will be put before the Diet for approval next year.

Somewhat ironically, NTT was modeled after American Telephone & Telegraph Co., which was broken up forcibly on Jan. 1, in the largest such

corporate divestiture in U.S. history, local telephone companies were split from the long-distance service after nine years of litigation.

In Britain, where the British Telecom monopoly is scheduled to undergo transfer from the public to the private sector in about a year, breakup was judged impractical. Instead, the government plans to sell a 51-percent share to a single buyer, for an estimated £4 billion.

Japanese officials said details of the NTT reorganization are sensitive. The main bill is already behind schedule, but it appears that NTT will be allowed to retain its four prestigious research laboratories. For an initial period at least, NTT will also be entrusted with building and operating trunk lines, giving technical guidance and collecting charges. Manufacturing telecommunications equipment, currently forbidden to NTT, is a possibility, according to officials, and there is talk of the company setting up an international business unit to develop sales and marketing expertise for exports.

After much wrangling, a compromise bill proposes that NTT be made a joint stock company free from Diet scrutiny and the need to ask for approval every time it wants to change tariffs. With 100 percent of the stock owned by the government, the revamped NTT would still, however, lack the freedom from government interference it had hoped for. This arrangement will be reviewed after 10 years.

In its present form the bill makes no mention of splitting up NTT, but behind-the-scenes lobbying by the ministry is pressing for a commitment to live off local telephone companies, in which 45 percent of the shares could be sold to private investors.

The only interested party to object to privatization in any form is the NTT labor union Zensetsu, whose president, Akira Yamagishi, said that the sale would only line the pockets of "greedy capitalists." Mr. Yamagishi is particularly incensed because the government has frozen a pay award to NTT as part of its austerity program, and NTT plans to lay off 90,000 workers from its 330,000-member payroll over 15 years as an attrition move.

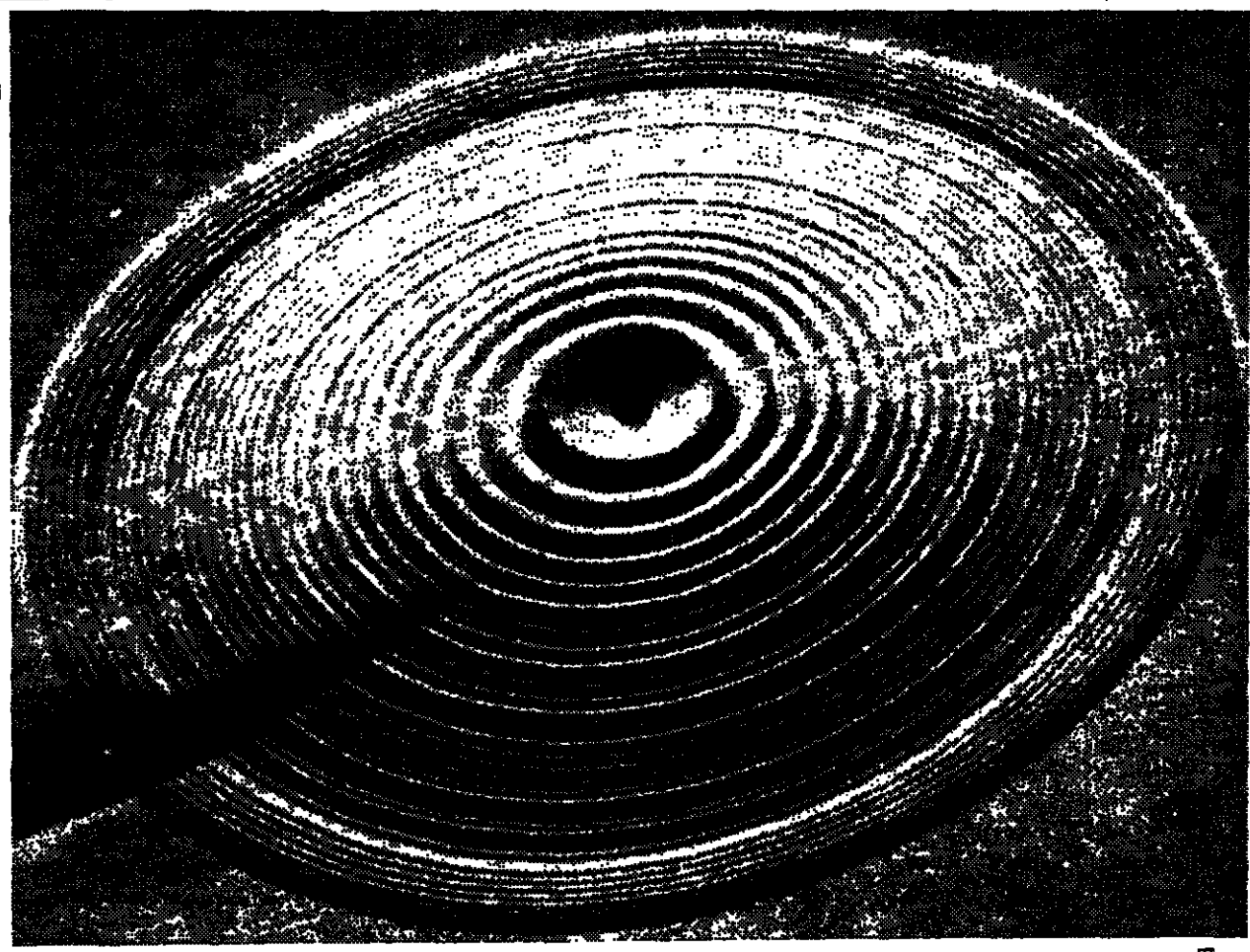
The ministry is trying liberalization in order to meet the explosive growth it predicts for the telecommunications and data-processing industries. NTT agrees, having outgrown its original purpose as a monopoly supplier of telephone and telegraph services.

"There is not really any deficit problem," Akira Nishii, NTT senior managing director, said. Outstanding debts are a little more than 5 trillion yen, but revenue tops 4 trillion yen, and with interest, overall accounts are in the black. "But the demand for telephone installations has been leveling off for the last few years to about one-third of the peak in the past," Mr. Nishii said. Most Japanese who want a phone now have one.

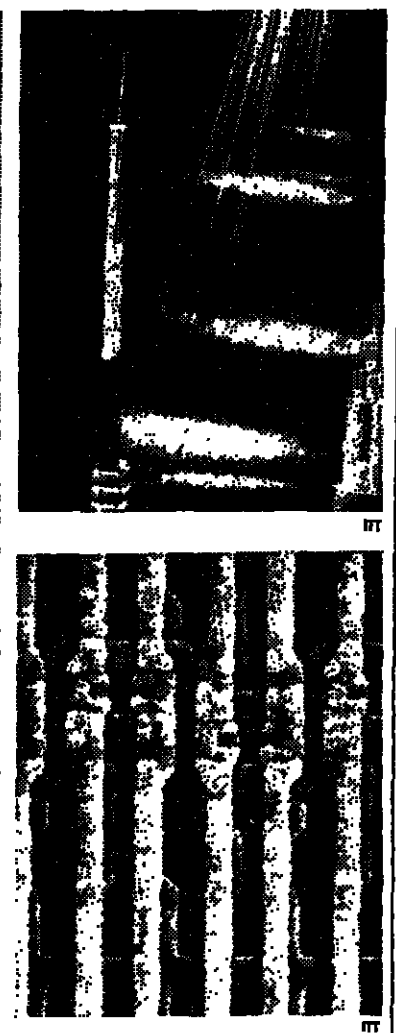
Telephone revenue has been growing at 3 percent to 4 percent, while the telegraph business is in such terminal decline that NTT is thinking of replacing it altogether with facsimile, favored by the Japanese because of their complicated writing system. While big profits have allowed NTT to cut its phone rates three times, revenue is expanding no faster than spending, and NTT could slip into the red. The fear voiced by Mr. Nishii is that "if we continue the way we are going we will become the second Japan National Railways, which loses about \$6 billion a year."

"Data communications and facsimile have been growing at between 10 and 20 percent a year," Mr. Nishii said. "If that is going to be the future trend, we

(Continued on Page 13)



CLOSE-UPS: A cross section of fiber, above, whose diameter measures .05 millimeters, shows the light conducting layers. Above, right, optic fiber cables and below, a microscopic enlargement of integrated circuitry.



Supercomputer Market: The Japanese Challenge

By Sarah Glazer

BOSTON — Japan's entry into the supercomputer market promises to stir up one of the few quiet corners of the computer industry. Current suppliers, all U.S. companies, expect the first challenge to take place this winter in Europe, a key market segment and one where none of the contenders is on home ground.

Two U.S. companies, Cray Research Inc. and Control Data Corp., both of Minneapolis, currently dominate the market for supercomputers — very powerful machines used for high-speed mathematical computation. According to Lloyd Cohen, an analyst with the Massachusetts market research firm International Data Corp., Cray claims 70 percent of the market with machines installed worldwide valued from \$4 million to \$11 million each. Control Data has 20 percent of installed machines, with the rest supplied by Denelcor Inc. of Denver.

"The market is very narrow in scope," Mr. Cohen said, with machines used only by "people who want to do a lot of number-crunching very quickly." This includes atomic energy commissions worldwide, laboratories that do weather predictions and oil companies that do seismic analyses.

"We've recently begun installing supercomputers in the engineering community as well," said Peter Gregory, Cray's vice president of strategic planning. He cited orders from the Swedish auto maker Saab and the U.S. aircraft maker Lockheed, both to replace expensive engineering models with computer simulations.

Japanese entrants are Hitachi and Fujitsu, which reportedly will install its first supercomputer this month in Japan.

Mr. Gregory said, however, that all-important benchmark test results have yet to be published and he speculated that Fujitsu will not be ready to mount its assault until "sometime in the next six months."

Europe, where both Japanese companies have strong distribution channels, will be their first target market, said Norman Dawson, Control Data's vice president of international computer systems. Fujitsu sells its conventional computers through Siemens in Germany and Imperial Computers in Britain, and Hitachi has marketing agreements in Europe with Olivetti and BASF.

Siemens is already calling on supercomputer customers, Mr. Dawson said. It is focusing particularly on accounts in France, where Cray was forced recently to delay delivery on two of four machines valued at \$5 million each because the government of French President François Mitterrand did not grant an import license.

If Fujitsu and Hitachi try to gain a market foothold by underpricing U.S. suppliers, "it could be a problem," Mr. Dawson said, because the small market is already "very competitive." In a round of discounting in past months both Cray and Control Data reduced prices significantly. And Cray announced a new supercomputer model this year that uses an advanced semiconductor memory technology to deliver comparable power at almost half the price of current models.

However, Mr. Gregory expects the Japanese entrants to price their products 20 percent below current levels. "The Japanese have never been known to be conservative on pricing," he said.

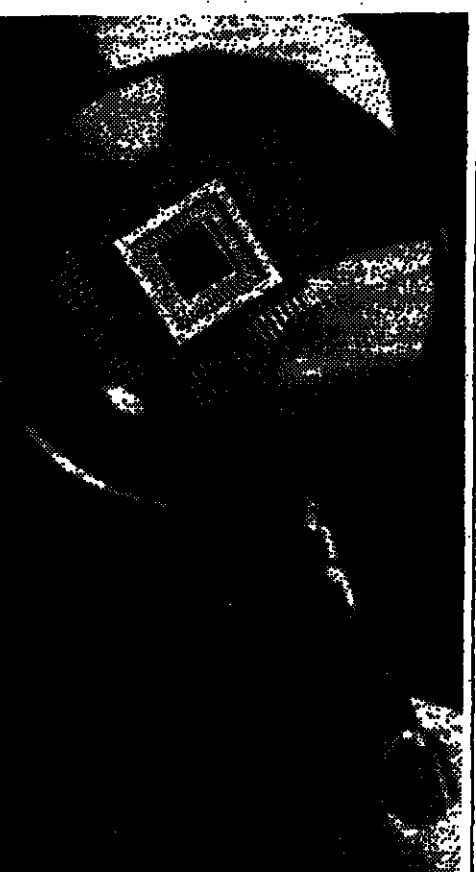
Another area in which U.S. companies will have to hustle to keep up with their new competitors is research. The Japanese government is sponsoring a supercomputer project with the professed aim of creating a machine 100 times faster than those produced by U.S. manufacturers.

With six member companies — Nippon Electric, Mitsubishi, Oki, Toshiba, Fujitsu and Hitachi — the project will have a reported budget of \$320 million during an eight-year period. About \$190 million will come from the member companies and \$130 million more from Japan's Ministry of Trade and Industry.

Cray, with 1982 revenues of \$141 million, plans to match this research budget on its own, Mr. Gregory said. He said that since its formation, the company has put at least 15 percent of its revenues into research and development. "People tend to fall over backwards over huge Japanese research expenditures," he said, "but we're putting in about as much on our own."

Control Data, a \$4-billion computer-related products manufacturer, has a research strategy that revolves around its announcement in August to form a new company, ETA Systems Inc. With a \$200-million investment and 100 engineers from Control Data, ETA has a mandate to design a new generation of supercomputers.

Control Data plans to own only 40 percent of the new company after additional money is raised independently and will market ETA's products. "We took the best brains in our company out of the corporate environment," Mr. Dawson said of the decision to form the new company. "We felt we had to do this to compete against the Japanese," he said.



This highly integrated electronic chip forms the heart of NTT's System 12 digital exchange. The inner dark square measures 0.25 square centimeters.

COMMUNICATIONS TECHNOLOGY

The Rules of the Game Change, Leaving Legal Uncertainties

By Delbert D. Smith
WASHINGTON — The rules of the game are changing. Satellite broadcasting and the delivery of telecommunications via satellite are creating legal uncertainties while fostering a milieu of entrepreneurial activity unparalleled in the history of broadcasting and entertainment transmission.

The institutional framework is also in transition as issues of ownership, management and control of telecommunication delivery systems become predominant in an industry whose foundations are being shaken by technological change.

A number of emerging commercial trends are pacing these changes. The first is the technological imperative that has taken us from terrestrial television distribu-

tion systems, through satellite delivery of programming for traditional networks, to satellite broadcasting directly to subscribers, which will eventually lead to high power, multipurpose satellite delivery systems and space platforms. These systems will deliver "infotainment" — a mixture of entertainment and information consisting of news, sports and special events, coupled with other services such as personal banking, shopping, security, electronic journalism and even video game delivery.

As evidence of this trend, direct broadcast satellite (DBS) services are scheduled to begin in the United States as early as next month with the inauguration of United Satellite Communications service. It will be followed shortly by Sky-

band and, in 1984, the system of Satellite Television Corporation, a subsidiary of Comsat. Following these early entries there will be a number of high-power DBS systems provided by some of the eight other DBS companies that have received licenses from the Federal Communications Commission.

The high front-end costs of major satellite systems has led to the creation of innovative multinational ventures. Trans-Atlantic satellite services, as exemplified by Brightstar, a joint venture between Visnews in London and a subsidiary of Western Union in the United States, will lead to continued changes in the dissemination pattern for news and entertainment programming. The Brightstar service transmits video signals on a totally integrated transmission

path using Intelsat's Atlantic satellite and related systems.

Lowered costs and simplified access procedures will stimulate the market for trans-Atlantic vision traffic for television programmers. This service, when coupled with the various DBS services and planned U.S. domestic satellite systems, can be seen as the precursor of the joint ventures of the future.

Of note is the fact that initial users of Brightstar include NBC (which will have its own Ku-Band domestic satellite delivery system) and the BBC (which is involved in DBS in the United Kingdom) and that other U.S. and European broadcasters will probably make use of the service to transmit television programming across the Atlantic on a regular basis. The multipurpose nature of the service is

demonstrated by the availability of the turnkey videoconference service. Brightstar represents the beginning of a creative developmental pattern based on the technological imperative that will grow and adapt as legal conflicts and compromises are reached in jurisdictions throughout the world on a variety of issues.

The major legal set of problems posed by the technological imperative, however, is that it very seldom is in synchronization with the institutional realities of the existing broadcasting and network systems. Questions are being raised in the international legal arena in areas of frequency usage, orbital arc locations, and creative content protection. There is concern with the regulation of foreign ownership in national broadcasting ventures as

well as with the latent questions that arise concerning cultural imperialism and censorship. Complicated issues of financing, program production and acquisition, copyright protection, and international telecommunications laws are changing the nature of the industry.

The second commercial trend is the transition from governmental systems to private-sector or hybrid institutional forms. The use of satellites for transnational communications was initially fostered by the governments of nation states, which, through the traditional vehicle of treaty law, established the International Telecommunications Satellite Organization (Intelsat) in the early 1960s. Intelsat, which operates a system of communications satellites positioned over the Atlantic, Indian and Pacific oceans, remains the domain of government agencies and public bodies established under municipal law, in most countries the post, telephone and telegraph agencies.

The use of this monopolistic satellite system for international distribution of television programming, however, is now being challenged by private enterprise. The push by private-sector interests for access to international satellite transmission capacity has given rise to a widespread legal struggle over control of the gateways to this communications resource. In an advanced form, this struggle has manifested itself in the emergence of challenges to the international satellite monopoly itself by Orion and International Satellite, Inc., private companies that seek to claim their share of international telecommunications traffic.

While the joining of this battle for control of the space segment itself is probably still several years away, the struggle for access to Intelsat satellites is a legal phenomenon. In the United States, the position of the Communications Satellite Corporation (Comsat), the U.S. member of Intelsat, is currently under review by the FCC in the form of two regulatory proceedings. In Britain, British Telecom International (BTI), the United Kingdom counterpart to Comsat, faces the prospect within the year of a privately owned company, Mercury, gaining authority to access Intelsat directly.

The transmission of video materials by privately owned satellites among countries raises its own host of legal concerns. Section 14(d) of the Intelsat Agreement prohibits

(Continued on Page 15)

The author, a partner in the Washington law firm of Schneider, Harrison, Segal & Lewis, is an author and international lawyer specializing in high-technology.



Cellular mobile telephone



Multibutton telephone

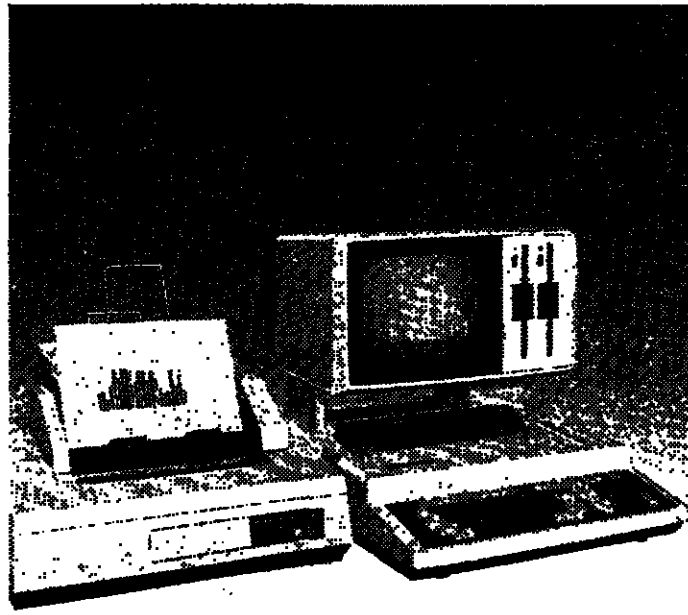
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Teletex terminal



Small business computer



High-speed thermal facsimile



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Computer Crime Fears Grow

(Continued From Preceding Page)

When they are stored in a computer, are not usually recognized under legal definitions of ownership and property, according to Miss Briat, the lawyer in the ICCP division.

"Generally speaking," she said, "information and data from the legal point of view are part of the public domain, and everybody can have access to such information."

So, defining what kind of property or ownership rights exist on data and information is very difficult, she said, adding that "if you don't have this definition, ... you cannot say it's theft."

Mr. Kenneth, describing thievery with computers, phrased the problem succinctly:

"Stealing is depriving somebody else of some property; in this case, you are taking it and leaving it there at the same time," he said.

The OECD is trying to assemble enough information to make the member nations aware of the scope of the problem and possibly to achieve "a minimum consensus" on ways to deal with computer

crime in all countries, Mr. Kenneth said.

"It would be hopeless to try to say some naive statement like these 24 nations should all have the same law on computer crime," he said, however.

"It's obviously childish and can't happen because it has to fit their own constitution and legal system," he said.

Possibly, the member nations might agree on basic guidelines or recommendations — "soft law," as Miss Briat called it — to handle computer crime in the future, just as they agreed several years ago to guidelines to protect the privacy of personal information, Mr. Kenneth said.

If one nation had failed to adopt the guidelines to protect personal data, he said, it would have opened the door to those who might want to go to these "data havens" to collect such information.

A parallel exists for computer information and data, Mr. Kenneth pointed out, but they would be known as computer crime havens.



A Thomson-CSF technician in France prepares the communications payload of the TELECOM 1 satellite.

COMMUNICATIONS TECHNOLOGY

Direct Satellite Broadcasting: Uncertainties Cloud Program

By Barry Fox

LONDON — Major European countries will be looking for a way to broadcast directly into homes by satellite over the next three years. But the program is not assured, and the variables are numerous and intricately linked.

One is unsure what programs the satellite system, known as DBS for direct broadcasting by satellite, will transmit, how and how much they will charge viewers to watch them and how many homes will be able to afford to install the necessary reception equipment. Also, no one has agreed on what division system should be used.

DBS dates from the postwar period when the science fiction writer Arthur C. Clarke saw how German war rockets could reach into space. He suggested that a spacecraft in orbit 3,600 kilometers (about 2,200 miles) above the equator would keep step with the earth's rotation and appear from earth to hover in a fixed, geostationary position. Since then, 20-year satellites have been parked in the so-called Clarke orbit to distribute radio, television, telephone and business data signals around the world.

The relatively low-frequency radio waves used for AM radio can bend with the Earth's curvature or reflect off the upper atmosphere, so they carry over large distances from an earth-bound transmitter. But the high frequency waves used to carry color TV, high quality sound and business data travel in more or less straight lines. They cannot get past the horizon. Even a radio or TV transmitter aerial covers only a relatively limited area.

It would be possible to transmit over a country or continent, by building an aerial thousands of miles

high. But this is obviously impractical. It is much easier to park a satellite in geostationary orbit. A program is beamed from the ground to the satellite, which receives the signal and transmits it to earth at a different frequency. The area that can be reached is broad.

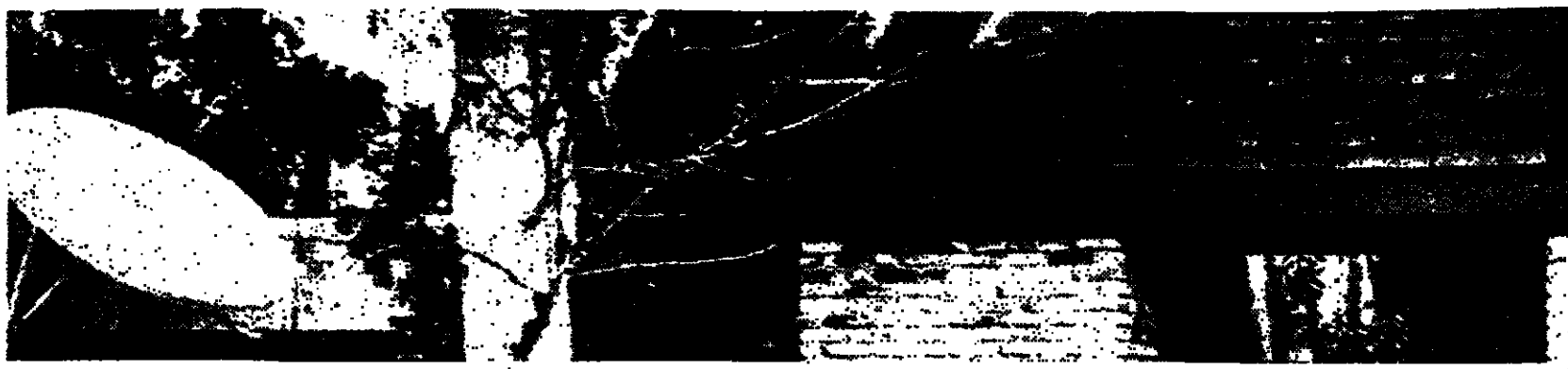
One technical problem is how to tailor the "footprint" of a satellite so that its signals do not spill over into countries that should not receive them.

The satellites in orbit are communications craft, and their receiver-transmitters or "transponders" are of relatively low power of fewer than 10 watts each. Power in space is at a premium, because it has to come from the sun falling on large sail-like solar panels that convert light into electricity. The radio and TV signals coming from space are weak, so the ground receiver stations need large aerials, shaped like radar dishes. They can be 20 meters (65 feet) to 30 meters across.

The system works well. It is how TV stations in different cities, countries or continents exchange programs. The plan now is to use high-powered transmitters that broadcast signals directly from the satellites (hence DBS) that are strong enough to be picked up on small domestic aerials.

In 1977, at a World Administrative Radio Conference in Geneva, the International Telecommunications Union allocated a band of unused radio frequencies, around 12GHz, for DBS. European countries each were allocated five channels and the radio conference engineers recommended around 200 watts per channel. They predicted that with this power in the sky and the receiver technology available in the mid-1980s, domestic viewers 99 percent of the time would be able to get good pictures from a dish less than a

(Continued on Page 16)



A backyard satellite receiving dish in a wealthy Los Angeles neighborhood.

United Press International

Caribbean, Central American Regions 'Pirate' U.S. Television

By Peter Kerr

New York Times Service

NEW YORK — U.S. satellite signals carrying entertainment and news programs intended for cable television viewers in the United States are being intercepted by a growing number of television stations throughout the Caribbean and Central America and broadcast without authorization.

State Department officials and spokesmen for the U.S. film industry call the practice "piracy" and said it was likely to spread to other continents in the next three years as nations in Europe, Asia and South America launch satellites for the broadcast of cable television programs. U.S. cable networks normally use satellites to distribute their programs across the United States.

The theft of satellite transmissions, the film industry spokesmen said, threatens to damage seriously the overseas markets for U.S. films.

Such losses, film industry spokesmen said, could have a critical impact on film companies that often depend on foreign sales to make their motion pictures profitable.

In Jamaica, for example, the government-owned broadcast company last summer showed "Poltergeist," "Missing," "Victor Victoria," "Rocky III" and other films that had not yet been released in Jamaica.

The television broadcasts, which were taken without permission from the satellite transmissions of U.S. cable networks, caused a 50-percent drop in revenues for Jamaican theaters, according to Donald Graham, a spokesman for the Jamaican movie theater industry. Last month, Mr. Graham said, the Jamaican government stopped the broadcasts.

In Belize, a Central American nation with a population of 150,000, there are seven privately run television channels that depend on U.S. satellites for their programming, according to Manolo Romero, a Belize government official. Their broadcasts include programs from U.S. cable networks including Home Box Office, Cinemax, Spotlight, Cable News Network, Satellite News Channel and the so-called "superstations," WGN-TV of Chicago and WOR-TV, based in New Jersey.

Jack Valenti, the president of the Motion Picture Association of America, which represents the major film studios in the United States, said: "These satellites are being used as instruments of grand theft. In the coming years most of the world's visual materials will be delivered by satellite. If copyrighted material can be used without the permission of its owners, not only could the overseas film industry be destroyed, the ownership of all intellectual material could be endangered."

The owners of the foreign television stations that receive the satellite signals, however, said that the practice is legal. They point out that the laws involving copyrights and satellite transmissions in their countries are often ambiguous or nonexistent.

At the heart of the problem, lawyers for both sides agree,

are international laws that have not kept pace with rapid changes in communications technology.

The legal status of U.S. television programs in the Caribbean and Central America, the lawyers said, is reminiscent of the relatively anarchistic state of the publishing industry in the last century before the United States established copyright agreements with other nations.

According to the Motion Picture Association, the pirating of U.S. television satellite transmissions has taken place in Costa Rica, Honduras, Panama, the Bahamas, the Cayman Islands, the Dominican Republic and Haiti, as well as in Jamaica and Belize.

The Caribbean and Central American nations are situated within the limited geographical area outside the United States where U.S. cable television satellite signals can be received.

The businesses that intercept the broadcasts range from individual hotels that show the programs in their rooms to major VHF, or very high frequency, stations that broadcast the U.S. films and television programs over the air.

Last summer the U.S. Congress included a provision in its Caribbean Basin Initiative to deal with satellite signal piracy. The initiative provides a wide range of economic benefits to nations in the area, including duty-free access to U.S. markets.

Under the new provision the president is authorized to withhold benefits to countries where television stations re-broadcast programs transmitted by satellite without the consent of the programs' owners. A spokesman for the State Department, Gerald Rosen, said that the United States was studying television broadcast practices throughout the region.

"This is a practice we should not tolerate," said Representative Marty Russo, Democrat of Illinois, who sponsored the provision. "If you allow one country to get away with this, others will. It is our obligation to protect the property rights of our citizens."

But executives of foreign television stations that use the satellite signals said they saw the practice in a different light. Some, who were reached in a sampling of foreign television executives, said they would be willing to reimburse U.S. companies for the use of their programs but that the Americans were unwilling to enter into agreements. In the meantime, they said, the United States had no right to stop them from using the broadcasts.

"The United States won't be able to impose its laws on the rest of the world," said Frank Santomenna, the executive vice president of REXSA, a cable television company in Panama with 5,000 subscribers.

Some owners and managers of the stations argue that they are giving the residents of their countries their only chance to share in the abundance of information and entertainment that until recently was available only to more wealthy nations.

"People living on our island have traditionally been isolated," said Walter Bussenius, the director of Tele Haiti, which operates a cable television service in Haiti that offers news and other U.S. cable television programs to 7,000 customers. "Now when [President Ronald] Reagan speaks on television our people see him instantly. It is our window on the world." One possible solution would be for cable television networks to scramble their satellite transmissions. Home Box Office plans to start scrambling its signal later this year. But members of the Motion Picture Association said the scrambling systems may be too expensive for most broadcasters to use, and not effective enough to thwart highly professional pirates.

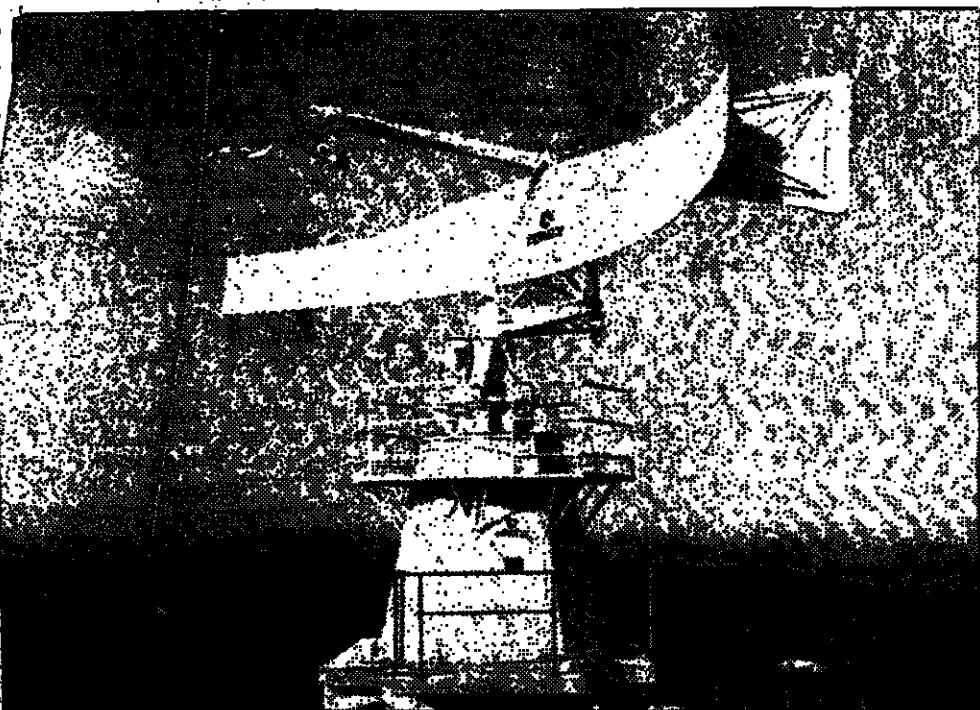
The technological changes that made the problem possible can be traced to 1975 when Home Box Office, the cable network owned by Time Inc., first began distributing programs by satellite. Cable television systems across the country began to receive movies and other shows picked up from satellite transmissions by dish-shaped antennas.

The satellites that are used for cable television broadcasts generally orbit in a fixed position in relation to the Earth. At least a half-dozen U.S. satellites are used by cable television broadcasters, but the one that handles the most cable television programming is Satcom III-R, owned by RCA. The satellite transmits signals that can be picked up in the continental United States, the Caribbean and Central America. Residents of more than 250,000 homes in the United States have installed the dish antennas on their roofs or in their backyards, to pick up cable television programs for free. In the United States it is a matter of dispute as to whether they are breaking the law, and there have been few prosecutions of people who have erected the dishes.

Approximately two years ago some people who were outside the United States but still within the area reached by U.S. satellite signals began to use this new source of television programming that, it seemed to them, was as free as the air.

"Our clients have really gotten to like the shows," said Fernando Batalla, the general manager of Cable Color Television, a cable television system with more than 4,000 subscribers in San Jose, Costa Rica. In addition to the U.S. movies and sports available on his cable system, Mr. Batalla said, Costa Rican television viewers receive U.S. cable programs on five VHF and one UHF, or ultra high frequency, channels.

More than 25 satellites designed to transmit television programs are scheduled to be launched in the next three to four years. They include satellites planned by France, West Germany, Brazil, Japan and Saudi Arabia. The new satellites will have "footprints" that cover most populated areas of the earth and will broadcast a tremendous amount of copyrighted material.



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COMMUNICATIONS TECHNOLOGY

Global Satellites:
End of Monopoly?

(Continued From Page 9)

United States to the Intelsat system, under the terms of the 1962 Communications Satellite Act. Currently, virtually all Comsat's profits are attributable to its international satellite franchise.

Comsat has been joined in its battle by a large number of communications authorities abroad, known generically as post, telephone & telecommunications authorities, or PTTs. They see any encroachment on Intelsat's monopoly as a potential threat to their own longstanding national control of communications.

Particularly outspoken in their support of Comsat have been PTs from developing countries that typically have not allied themselves with the United States on international policy issues. The PTs claim that if Intelsat, with its internationally averaged satellite use rates, is weakened, then they will be forced to pay higher charges for international communications circuits.

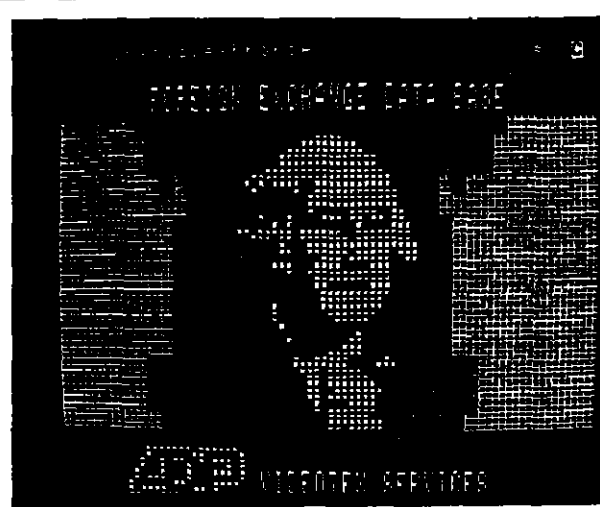
This central argument of the Intelsat supporters is in essence identical to that advanced by American Telephone & Telegraph Co. in the days before it gave up attempting to defend its de facto monopoly on domestic U.S. long-distance communications. AT&T's claim was that if competition were allowed, the competitors would take up lucrative routes, while abandoning rural and remote communities that failed to offer attractive profits. Translated into international terms, Intelsat argues that competitors would be happy to serve the United States, Japan and Europe, while ignoring the needs of countries like Sierra Leone, Jamaica and Malaysia.

According to Santiago Astrain, who will retire as Intelsat's director-general at the end of this year, if Orion and other competitors are approved, "the loss of large-stream traffic would substantially reduce Intelsat's revenues... during a period in which its capital costs would remain fixed. The result of such a course of action would be the impairment of Intelsat's ability to economically provide service to the rest of the world." Mr. Astrain's successor, Mr. Colino, expressed similar views, telling a recent meeting of satellite communicators that "you don't need a degree from the London School of Economics" to be able to perceive the economic threat to Intelsat.

But Thomas McKnight, president of Orion Satellite, said that the Intelsat case is fundamentally flawed. "If the past is prologue, as it most likely will be, Orion's success will result in actually increasing the use and success of Intelsat." Mr. McKnight said that although AT&T's long-distance market share had declined in the United States with the authorization of competitors such as MCI Communications Corp. and GTE-Sprint, AT&T is carrying more long-distance traffic than ever because the entry of new systems stimulated the demand for communications and resulted in the introduction of new and profitable services. Mr. McKnight promised that entrants such as Orion would benefit users by providing more options and lower costs. He denied that smaller countries would be adversely affected, and said they would actually benefit, because "there's nothing to stop developing countries from taking advantage of these new systems."

Similar sentiments are expressed by some Europeans. In September, at the annual conference of the International Institute of Communications in Aruba in the Netherlands Antilles, René Collette, head of the Communications Satellite Department of the European Space Agency, said that Intelsat's monopoly of trans-Atlantic space traffic was no more defensible than would be a monopoly of trans-Atlantic air traffic. And Andrea Caruso, secretary-general of Intelsat, told satellite industry executives in St. Louis, Missouri, recently that if Intelsat faces economic harm, it will not be because of competitors, but because of Intelsat's own overly grandiose investment program, which now amounts to a cumulative investment in facilities of \$2.3 billion.

Meanwhile, massive investments are being made to provide even more sophisticated, capable and economic communications systems. Recently, Intelsat announced a new range of international business services, which will allow users for the first time to gain direct access to Intelsat's satellites from antennas mounted on the roofs of office buildings. AT&T has been moving forward with plans to build an underwater fiber-optic cable between the United States and Europe that will provide the first real terrestrial competition to satellite links.



U.S. Market to Get Videotex System

By Gary Arlen

WASHINGTON — When Viewtron, Knight-Ridder Newspapers' \$30-million plunge into electronic publishing, goes into service in the Miami area late this month, Americans will get their first commercial taste of videotex.

Nearly three dozen tests and market trials of videotex, teletext and similar services have been run in the United States since 1979. The activity mirrors that in Europe, where Britain's Prestel videotex system began operating in the same year.

Viewtron is the first U.S. effort that asks home users to buy a decoder and pay about \$28 a month to get a package of information and services, such as electronic home banking and shopping and electronic mail with flashy computer graphics on a specialized home terminal.

Several similar projects are being readied in the United States: Times Mirror Co., another media conglomerate, is to launch its Gateway videotex project near Los Angeles next spring, and Keycom Electronic Publishing, a joint venture of Field Enterprises (a newspaper and television group), Honeywell Computers and Centel (a telephone and cable operating company), will start its Keyfax Interactive Information Service in suburban Chicago in April.

CBS, I.C. Penney, Citicorp and others are fine-tuning their own plans for videotex operations. Dow Jones, IBM, The Source and

The writer, president of Arlen Communications Inc., a research firm, is editor and publisher of International Videotex Teletext News and TelexServices Report, newsletters based in Washington, and founder and of the U.S. Videotex Industry Association.

CompuServe have already staked important claims in the videotex business. And, most significantly, American Telephone & Telegraph has established its central role as an equipment supplier and network operator, a role expected to grow after the breakup of the telephone company.

Knight-Ridder and Times Mirror are recruiting other U.S. newspaper publishers to become affiliates of their videotex services, with an eye toward setting up electronic systems, probably after 1986.

Britain's Prestel system has been in beleaguered commercial service since 1979. France's government-backed Télématic program includes several videotex-type projects, such as an electronic phone directory system, which is putting hundreds of thousands of small Minut videotex terminals in French homes; in addition the sophisticated Télétel videotex project is now expanding from the Velizy-Versailles area to other parts of France.

Germany's Bildschirmtext service, officially inaugurated in September but awaiting delivery of an IBM mainframe computer next spring before it can be fully implemented, represents another ambitious step in the worldwide effort to launch videotex operations. Throughout Scandinavia, in Italy, Spain, the Benelux countries, Canada, Brazil, Singapore, Hong Kong and Japan efforts are well advanced to bring videotex to homes and offices.

Most projects outside the United States are heavily backed by government communications agencies, with encouragement from industrial sectors seeking export markets for the hardware and software they develop for videotex.

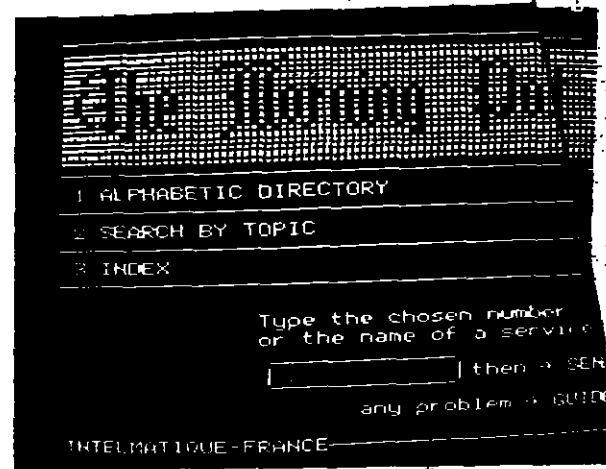
The term videotex applies to the technology: a two-way, interactive transmission system using specialized terminals plus existing home television sets linked to host computers. It also applies to the package

PROJECTED GROWTH OF VIDEOTE
AND TELETEXT IN THE UNITED STATES

End of Year	Videotex Receivers	Broadcast and Cable TV Teletext Receivers
1984	8,000	10,000
1986	200,000	30,000
1988	1,150,000	3,000,000
1990	8,000,000	20,000,000

The table charts the estimated growth in the number of home equipped with videotex and teletext in the United States during the 1980s.

Source: Arlen Communications Inc.



of services: electronic publishing, home banking and shopping, video games.

The nature of videotex has changed during the recent years of experimentation. Originally conceived as an information retrieval system, videotex is now being developed as a medium for interactive transactional services, especially at-home banking, shopping and sending of messages.

British Telecom, which began creating Prestel a decade ago, wanted to encourage greater phone use by offering services beyond standard (Continued on Following Page)

Major Losses Are Forcing Computerized Industries to Protect Data

By Theresa Engstrom

BOSTON — Growing revelations in the United States that unauthorized people including groups of teen-agers have gained access to supposedly secure computers have highlighted the issue of computer protection.

Until now, computer security experts said, it has been difficult to convince businesses that they need to protect their data until a company has had a scare. "It usually takes a major disaster to make

them aware of the issue," said Fred Tompkins, chairman of the American Society for Industrial Security.

"The biggest problem is convincing management that information is a commodity, an asset like drums of chemicals or copying machines," said Brian Hollstein, a member of the security group.

The banking and insurance industries are the most concerned. Both industries, with their huge data bases of financial and actuarial information, realize that all their assets may be at stake.

International banks alone move as much as \$40 billion a day via electronic funds transfer. However, few cases against banks are reported.

"Banks' reputations are built on confidentiality," said William C. Grayson of the Bedford Group International in Maryland. "You're never going to see in the newspapers that a bank suffered a seven-figure loss."

To guard their reputations in a competitive marketplace, Mr. Grayson said, companies often choose not to prosecute violators to escape notoriety. Because no existing federal law prohibits unauthorized entry into a computer, prosecutors are treating those cases that do occur as wire fraud and use of telephone lines to obtain services without paying.

Experts estimate that only 15 percent of computer fraud and embezzlement cases are reported. The most widely publicized cases involve young computer hobbyists who have gained entry to large commercial computers. In instances where a computer is entered for fraud or embezzlement, authorities said, the culprit is likely to be an employee of the company.

In fact, people who are found to have gained unauthorized access are hired frequently by the victimized company so that the person's knowledge can be put to work for the company, not against it.

Until now, most companies treated the matter lightly, experts said. Even when computers were equipped with protective devices, users often did not bother to use them. One survey of large companies has estimated that only one in three users of large computers used standard protective measures.

"Computer security is a people problem," said Mr. Tompkins. Even the most advanced protection devices are useless, Mr. Tompkins said, if people refuse to use them.

The most common method of protecting information is to design a system that requires the user to follow a given procedure before the computer can be used. But this so-called procedural protection is often abused.

A computer may be shipped from the factory with a password system that is common to all computers made by that company, for instance, and the customer will not bother to change the password when the computer is installed. An intruder who knows the standard password can gain easy access to the system. "Companies have been sloppy," said Terry Feldt, a consultant based in San Diego, California.

Often a user trying a common code—for example, the QWERTY keyboard pattern that is on most English-language typewriters—will find files have been summoned from the computer's memory. In

other instances, users are given remote code numbers that correspond to geography. In the United States, for instance, the first three digits of a user's code number might be the person's telephone area code.

A breach of security can occur when computer operators write their private code numbers on paper, then tape the paper to the computer terminal. "I once walked out of a large bank with the security number," said Paul Ignosh, whose company, Stasis, makes security devices. "It was written on a piece of paper and labeled, 'computer access numbers.'"

Surprisingly, few companies put their computers in locked rooms. In many cases, physical security would solve the problem of unauthorized access. Now, in fact, with the popularity of microcomputers, a thief need only steal a floppy disk to gain access to a company's secrets.

Devices are appearing on the market now that offer protection for large, time-sharing systems. One company, Digital Pathways of Palo Alto, California, makes a device that will double-check the identity of a user on a packet-switching system. When a user calls into the computer via the telephone lines, the device intercepts the call. Then a voice synthesizer asks the caller for an access code and explains that the line will be disconnected while the computer checks its records for verification. The device will then dial back to the authorized user.

If the caller is illegitimate, the authorized user is alerted that someone is trying to use his account number.

The Stasis Security Key System is a device that looks like a house key but is a dynamic memory device. The key will unlock a microcomputer or a terminal. It costs between \$300 and \$500, depending on the size of the computer.

Another method of protecting information is to scramble it. With this method, a user assigned a password that allows him to unscramble the data.

Most password systems are designed so they can be changed frequently. But many companies do not bother to change the password. So a former employee or a legitimate user could gain entrance to the computer.

"Big locks on the computer room are the most scurrying you can do," Mr. Ignosh said.

For companies using computers for inside purposes, experts said the biggest threat to security is their own employees. A computer programmer can apply for a job, learn the company's routine, and within days have access to a computer.

The result can be "aid or embezzlement with the computer—in a company's own backyard," Mr. Tompkins said.

Electronic Household: Futurists at Work Now

By Amiel Kornel

PARIS — Consumer trends are emerging that foretell high technology's role in the home of the future. Industry analysts and futurists are studying them to predict the how and when of the electronic home's arrival.

The issues are different from those that concern the automated office or factory. Consumer preferences and needs will be the determinant forces in the electronic home's evolution. Technological, commercial and political factors will only affect the pace of that evolution.

"The home is very different from the office," said Benjamin Compaine, an executive director of the Information Policy Program at Harvard University in Cambridge, Massachusetts. "In the office there is a very strict cost analysis. At home people don't make decisions in quite the same way. It is much more subjective."

Analysts are centering their attention on two facets of electronic home systems. The first concerns home communications networks, computer-based systems that join the consumer to an electronic world of information, personal contacts and long-distance services.

The second area of interest is the integration of all in-home electronic devices into a single, easy-to-use system. U.S. households seem ready to welcome the arrival of sophisticated electronic gadgetry. By 1995, from 15 million to 31 million U.S. households will have basic home information systems, called HIS, according to a comprehensive, 1982 study of 700 U.S. homes conducted by Booz, Allen & Hamilton, an international management consulting firm.

More than 80 percent of HIS users will be prepared to pay as much as \$32-\$35 per month for access to at least five services, such as home banking, video games and tele-shopping, according to the study.

One of the fundamental suppositions on which forecasts were based is that systems must offer film-quality images along with text. "The delivery of the system is important," explained Hans Schwimann, the firm's Paris-based vice-president. "That is what will attract users and make good publicity."

Only cable can satisfy this requirement. At present, information networks are typified in their most simple form by interactive videotex, the communication of text and rudimentary graphics between remote terminals and computers via standard telephone lines, and broadcast teletext, the one-way heretofore transmission of computer-stored information.

Limited operational systems and pilot trials have been under way in North America and Europe for several years. They have concentrated on the retrieval of pre-packaged information from large centralized computers. Public reaction to such systems and to the growing presence of home computers is helping futurists and industry analysts gauge consumers' priorities and requirements concerning electronic home services and devices.

One of the trends that may have the most far-reaching consequences is the desire of users to have access to computer programs, in addition to the pre-processed information that most systems now offer. This demand for local processing capabilities portends the need to decentralize computing power from distant, large computers to smaller ones in the home.

Home computers alone can obviously offer this possibility, but without the access to the enormous fund of data that is available in large information systems. The most attractive solution seems to be the use of tele-software, programs sent between computers through telephone lines or cable.

The first European network to acknowledge this necessity almost from its inception has been the

Austrian national videotex system. The Austrian telecommunications authority plans to rent an "intelligence" decoder, called Mupid, to all of the system's users. The Mupid attaches to a standard television set, transforming it into a home computer.

"The system provides not only textual information and graphics information, but also programs," explained Hermann Maurer, director of the product's development at the Technical University of Graz.

"The Mupid is a personal computer which uses the network behind it." Another example is Micronet 800, a computer hobbyist-oriented service available on Prestel, the videotex system in the United Kingdom. Although only operational since March, it already logs more user accesses than any other Prestel member. Unlike the usual Prestel service, which employs a simple terminal, Micronet 800 sells modems and software that enable its subscribers to hook up through their home computers.

Tele-software is becoming Micronet's most popular product. "I think that in the short-term people will use this service because it provides them with software," said Tim Schoonmaker, marketing and sales manager. "That's what makes life or death in this for now."

Loading software into a microcomputer over the telephone line can be as much as 30 percent cheaper than buying it in a retail shop. It also means having ready access to a much larger variety of programs.

Micronet 800 offers mostly game and educational programs. Many observers believe that education and entertainment applications will be the driving forces behind the electronic invasion of the home. "In the short-term [the home systems market] will be entertainment-driven," Mr. Compaine said.

Consumer fascination with video games is fast becoming evident. Booz, Allen & Hamilton found that half the consumers in their study

were willing to pay an additional monthly fee for access to games. It has been projected that video games will enter 40 percent of U.S. homes within the next two years.

Educational programs have an important future in the home. While most are currently sold to schools, one estimate predicts that 70 percent of the educational software sold over the next five years will go into homes. Parents beginning to use computerized home learning as a necessary part of their children's education.

In addition to tele-software, electronic messaging and mail are expected to be among the most popular features of existing computer networks, exchange of messages, often, between people that do not know each other outside of the system's electronic channels, is the most important attraction of computer networks, according to Murray Turoff, co-author of the "Network Nation," and one of the creators of the New Jersey-based Electronic Information Exchange System known as EIES.

"What videotex people don't realize is that people don't want data services; they want to communicate with other people," he said. Users of EIES employ the system as a personal communication network that can instantaneously bring them together with anywhere from one person to thousands of people.

He said that the most popular feature of The Source and CompuServe, two U.S. computer networks with 25,000 and 37,000 business and home subscribers respectively, is electronic mail. Therein lies the commercial future of home information systems, according to Mr. Turoff.

"A lot of corporate executives are not looking at basic human motivations," he warned. "They are going to lose their shirts."

The electronic mail facility is also one of the most popular (Continued on Page 16)

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COMMUNICATIONS TECHNOLOGY

Japan Aims to Split Phone Monopoly

(Continued From Page 9)

will not be able to compete strongly with private industry. It is doubtful whether eventual privatization will greatly benefit foreign suppliers. Despite measures taken since 1981 to open NTT's shopping list to foreign firms, such purchases total only \$46 million, or 2 percent of NTT's annual buying.

NTT buys from a tight "family" of about 300 Japanese suppliers, of whom the biggest are NEC, Fujitsu, Hitachi, Sumitomo, Oki and Furukawa Electric. Orders are allocated in a fashion that foreigners say stifles the companies' pricing and production, while the joint research done by NTT with the companies would violate U.S. antitrust laws.

One of the big problems for foreign telecommunications firms is that their products must be compatible with Japanese networks. Motorola's much-vaunted breakthrough in 1982 to supply 45,000 pocket pagers to NTT, worth \$9 million, came only after years of work. Because NTT's technical requirements were different from anyone else's, the order was custom-made and cost Motorola a small fortune. "We just wanted to show we could do it," a senior Motorola executive said.

One area where NTT is at least moving in step with other national telecom services (such as British Telecom) is "value added networks." Private companies have already been licensed to resell to third parties the circuits they rent from NTT to transmit data, and during this session of parliament a bill will be submitted to do the same for voice. The "retailer" buys bulk circuits from NTT and then makes a profit by "bundling" the circuits with added functions, such as speed, code or protocol conversions. Several companies are already making inroads in allowing otherwise incompatible computers and terminals to communicate with each other.

Another monopoly right that was lost recently was to supply the first telephone to Japanese homes and offices. Any approved supplier will do. Japanese customers can now choose from a variety of different telephone equipment, often advertised on television. Cable TV companies have also been given the "green" light to carry other services such as two-way videotex.

One of the major complaints of NTT is that as a public company it

gets lumped together with less successful government bodies and public corporations. One of the benefits of its public status should be exemption from tax, but because of its success and the government's indebtedness, NTT must pay a heavy levy on its profits.

Likewise a private company sees a return on effort in profit. But NTT's "bonus" for investment is determined by the performance of other public corporations, according to Mr. Nishii. "What we have done in the past 30 years is to combine the best parts of the bureaucracy and private industry," he said.

As an example, he cited the case of the "key phone," for which there is a big demand in Japan. NTT has a new key phone that is better and cheaper than the present one. "Of course people would like to replace their old one with a new one," he said. "However, NTT rents the telephones on the basis of cost accounting and the life cycle of the hardware, taking into consideration the rate of interest. So we face the problem that if people return the phone when only one-half of its life cycle is used, we lose money. Private industry in the United States or Canada can recover the cost by increasing the charge for the new telephone."

The epitome of NTT's new technology is the INS project, which would entail spending 20 trillion yen to 30 trillion yen in the laying of optical fibers throughout Japan to carry digital "bit based" telecommunications. The backbone of the Japanese project — a trunk optical fiber line from Fukuoka in the southern Kyushu island to Sapporo in northern Hokkaido — is already approaching completion.

Optical fibers, which Japan claims to be already the world's biggest producer, can carry not only thousands of phone lines in a single strand but also facsimile, computer data and various view data, such as NTT's "Caption" system for home banking and shopping.

"If I may add a little to the dream of NTT, today the cost of optical fiber per meter is about 10 times that of copper cable," Mr. Nishii said. "However, if we can reduce the cost to where it is only two or three times more expensive, it is possible we might start introducing optical fibers to every household. That day will probably come within about 10 years."

Full Videotex System to Be Launched in U.S. Market

(Continued From Preceding Page)

voice calling. By developing a system that allows customers to look up all sorts of information — news, sports, weather, financial data — offered by a variety of suppliers and available through a low-priced home terminal, British Telecom hoped to build an ancillary service that would keep the phone lines profitably buzzing. But, after four years, Prestel has about 35,000 customers, many of whom use Prestel as an efficient time-sharing system to reach into specialized data bases.

The British experience has offered valuable lessons to U.S. and other videotex developers. The latest videotex projects include a heavy emphasis on private videotex systems, intended to offer simple computer services within companies or as a sales tool to allow firms to communicate with customers.

For example, automotive companies are using videotex systems to let dealers know what cars are available with what options; British Leyland is using such a system in England, Buick is testing a similar service in the United States, and travel agents are using videotex to book tours through large vacation packages.

The other new twist in videotex development is the emphasis on

transactional services. Citibank, Chase Manhattan, Chemical Bank, Manufacturers Hanover and many others are developing electronic home banking services as part of their efforts to eliminate paper processing and speed up the financial flow. Banking consortiums have teamed with Knight-Ridder, Times Mirror and other U.S. videotex operators to make home banking an integral part of videotex systems.

American Express, which has been an active participant in Britain's Prestel system, is preparing financial and other services for U.S. videotex systems. Some brokerage houses are designing videotex financial services.

Merchandisers — especially mail order companies — are another important component of videotex projects. In West Germany, companies like Quelle and Otto have successfully found ways to sell merchandise through on-line ordering systems on Bildschirmtext.

The rapid upheaval in the microcomputer world has affected the direction of the videotex industry. Sophisticated microcomputer networks with enhanced graphics and truly interactive services are easily mistaken for what is now called videotex. Furthermore, the dramatic

drop in prices of home computers and telephone modems, called modems, is having an effect on videotex development.

Videotex terminals, with their high resolution graphics capacity, now cost \$600 and more in the United States — far above the price of off-the-shelf home computers. Indeed, many experts now foresee a natural overlap of videotex hardware with home computers, with appropriate videotex circuit boards being installed in microcomputers. Apple, IBM and others are already working in that direction.

This overlap between futuristic videotex service and today's home computer activity surfaces in current British systems such as Micronet 800 and Homedink. Both systems use standard microcomputers, equipped with special software, to give users access to the Prestel data base and to videotex home banking services. The hybrid system has helped expand the Prestel audience significantly.

Technical standards for videotex systems are in flux. Incompatible formats have been developed in France, England, Canada and Japan. And despite efforts by units of the International Telecommunications Union (especially its international consultative committee on telephone and telegraph), it appears that problems will linger.

Private Companies Rush to Acquire Cable Licenses in Japan

By Jack Burton

TOKYO — Despite Japan's reputation in the forefront of video technology, the country still lags at least a decade behind the United States in setting up large-scale cable TV systems in major cities. Plans are now afoot to change that.

Cable TV has existed in Japan for almost 30 years, but it has been used mostly to transmit regular television programs to urban and rural areas that suffer from poor reception, such as city neighborhoods surrounded by skyscrapers or villages in the country's mountainous interior.

The Ministry of Posts and Telecommunications, which regulates all broadcasting in Japan, has maintained tight control over the expansion of cable services, particularly two-way "interactive" cable.

Until the recently announced deregulation of Nippon Telegraph and Telephone, two-way cable, which offers everything from selective pay programming to electronic shopping in the home, posed a threat to the government-run communications monopoly. The cable restrictions were enthusiastically supported by commercial broadcasters, who viewed two-way cable as a potential rival.

In addition, the ministry wanted to curtail cable until the technology was developed domestically to operate advanced two-way cable systems that could rely on optical fibers and satellites. The telecommunications ministry and the Ministry of International Trade and Industry actively fostered this technology by sponsoring two pilot projects in the Tokyo and Osaka areas.

Based on the projects' technical success as well as the government's apparent commitment to deregulate NTT, the telecommunications ministry announced in late May that it would approve applications for two-way cable services under private operation. The ministry officially recognized one-way cable service in 1972.

Because the license grants the holder exclusive access to a designated territory, private companies, in anticipation of the ministry's decision, had already begun to submit applications for cable operations even before the ministry announced the new policy. Claim staking was particularly active for the Tokyo area, considered potentially the most profitable market in Japan. First last December was International

Cable Network, backed by the advertising agency of Hakuhodo; Mitsui and Co., the trading house; Tokyo's Odakyu electric railway line and more recently Viacom, the U.S. cable company. ICN initially sought a license for the affluent suburban community of Machida City in the southwestern part of the Tokyo metropolitan area and plans to set up a network of five more stations in other parts of the country.

Two commuter railway companies, Seibu and Tokyo, also announced plans to construct cable networks. By stringing optical fiber cables along their electric railway poles or laying the more conventional coaxial cable lines through the communications ducts along the rail bed, they could avoid protracted negotiations with local authorities in gaining right of way permission for the system's installation.

Another attractive feature about cable for the railroad companies is that it could boost business for the department stores, supermarkets and real estate companies that they also own. And the companies have a ready-made audience for cable because of the housing projects they have developed along their railroad lines. Tokyo, for example, is betting on acquiring a number of subscribers from among the 100,000 persons housed in its large complex outside Tokyo.

The Marubeni trading house has more ambitious plans to tie up with local partners in at least nine major cities to operate cable networks. For example, Marubeni is planning to form a partnership with the Uny supermarket chain and the Chunichi newspaper company in Nagoya, Japan's fourth-largest city. "We hope to eventually get 500,000 subscribers nationally, which will be enough to support satellite broadcasting," Osamu Masada, a Marubeni spokesman, said.

Other companies considering cable operations include newspapers, who hope to conduct computerized transmission of news copy, and major supermarkets and department stores, which are interested in selling consumer goods through the two-way system.

Their participation, however, could be ultimately eclipsed by the country's power companies, which possess the most extensive collection of utility poles in the country and thus can reach more households than the railroad companies, for example. Tokyo electric power has already said it is considering setting up a cable subsidiary to take advantage of its existing power supply network.

Even government agencies are likely to play a role in cable operations. Like the electric power industry, such state groups as NTT, Japan National Railways and the Japan Highway Public Corporation have extensive rights of way that would be needed if nationwide cable systems are ever constructed. NTT has already granted cable stations permission to lease the agency's circuits for broadcasts.

If these plans reach fruition, cable networks should be available to urban households by the mid-1980s. While 3.3 million households, about 10 percent of Japan's homes, now are wired to a cable system, the number is expected to grow to 5 million by 1986 and 10 million by 1990.

But several major obstacles lie in the path.

Although it is cheaper on a per-capita basis to install cable systems in Japan than in the United States or Europe because of Japan's high population density, the amount of investment needed is still large. Local banks, newspapers and retailers, who stand to reap the biggest benefits from community cable service, cannot afford to support the cost alone, which is why they have agreed to cooperate with large corporations that have the capital.

ICN, for example, estimates that it will cost 5 billion yen to lay coastal cable lines, build a transmission station, buy programming and operate the Machida City network during its first three years. Marubeni projects that it could cost as much as 10 billion yen to wire 50,000 Nagoya homes, the minimum needed to make the system profitable. A cable network reaching all 2 million households in Tokyo would cost more than 175 billion yen, according to an advisory committee at the Telecommunications Ministry.

One way to spread around the costs would be to franchise operations. But the ministry has barred this for the time being. Although it gave tax breaks to encourage cable, it stipulated that all cable companies must be regional in scope and that they cannot sell information services to other cable networks under different licenses. The ministry also prohibited the consolidation of cable systems, which at present number 31,000 for one-way cable networks. The restrictions are believed to be designed to protect the interests of commercial broadcasters, who fear the competition from national cable networks.

Since the installation fee of 40,000 to 50,000 yen

that most cable companies are planning to charge will not cover the cost of the projects, they must rely on an average monthly service charge of 1,500 to 2,000 yen and advertising revenues to recover their investment as well as support operation costs. That means at least several years in the red for most cable operators.

And a big question mark hanging over the future of cable is whether enough subscribers will sign up to make such ventures profitable. Japanese households already pay a monthly fee of 1,000 yen to support the two state-run NHK channels, and viewers in such metropolitan areas as Tokyo have six other commercial stations to choose from as well. The program quality is good enough to make the Japanese the most avid TV watchers in the world.

Cable operators must find programming enticing enough to persuade viewers to spend more money to watch pay TV as well as break households of the habit of shopping twice a day in the neighborhood so they rely more on electronic shopping. Tokyo, for example, experimented with cable programming at one of its housing projects in 1972 but found that residents were not willing to pay for the service.

To help fill the void created by 10 to 30 channel cable systems, Marubeni last spring set up a joint company with Hakuhodo and Tohoku Shinsha, an importer of foreign films, to serve as wholesalers of video programs. The company plans to supply live broadcasts of sports and cultural events, foreign films and television programs as well as special films made in cooperation with domestic film production companies.

But regular television is not cable's only competition. NHK at the beginning of October started teletext broadcasts, which supplies the same sort of news and service information that cable plans to offer. Direct satellite broadcasts are also looming on the horizon, with an expected start-up date of 1989.

While the risk for cable operators is considerable, it is less so for the electronics industry. Even if cable fails to make a considerable foothold in Japan, electronics firms can continue to sell cable equipment overseas. Toshiba, for example, recently developed a new cable equipment in cooperation with U.S. television and communications for use in the United States as well as Japan.

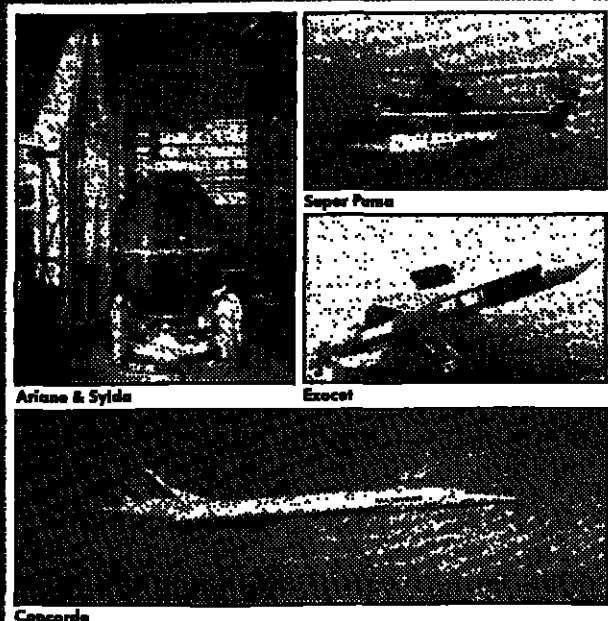
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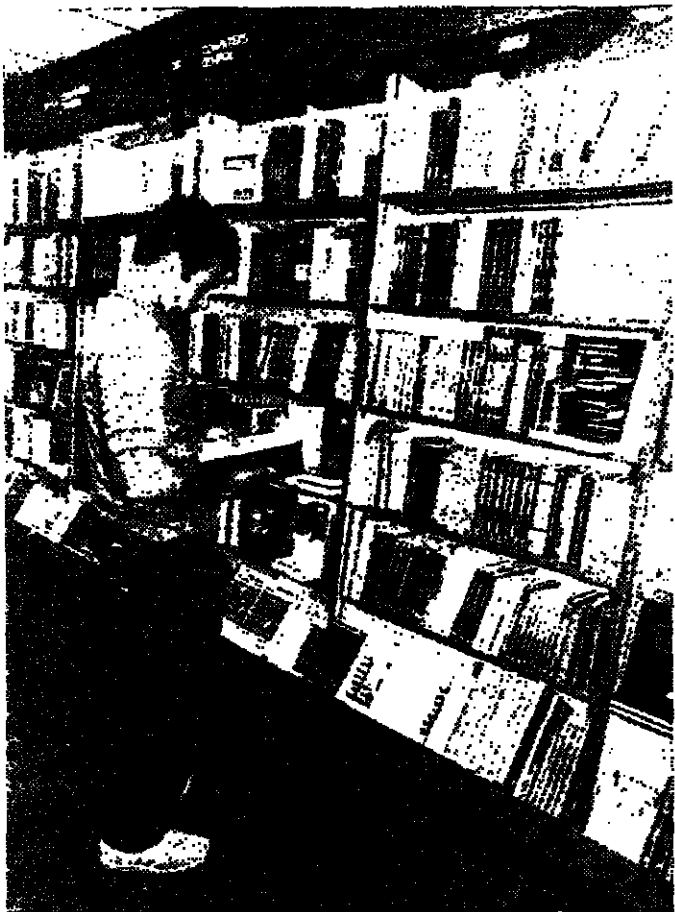
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COMMUNICATIONS TECHNOLOGY

Publishers Moving Data Processing Books Up Front

By Bob Kuesterman
The Associated Press

Stacey's bookstore in Palo Alto, California.

SALT LAKE CITY, Utah — From a few volumes about data processing hidden on shelves between calculus and differential equations, computer books have developed into one of the hottest items in the U.S. book business.

Piggybacked to the sales of small computers for home and business use, books about Apples and Commodores, Basic and Pascal are making fortunes for small publishers.

Sam Weller, owner of Zion Book Store in Salt Lake City, Utah, for instance, moved computer books from the back shelves to the front of the store last spring, after two years of rising sales. They occupy eight shelves and account for about 5 percent of sales, he said.

B. Dalton Bookseller, a leading U.S. chain, said its outlets stock 500 titles of computer books. Waldenbooks, another big chain, said it has stocked computer books for about five years. "We had good sales last year, and we'll triple them this year," said Michael Meyer, director of merchandise buying for the chain, based in Stamford, Connecticut.

Computer books will account for about 3 percent of Waldenbooks' sales, which is almost equal to sales of cookbooks, Mr. Meyer said. "Cookbooks are a very substantial part of our business," he said.

One publishing executive recently estimated that 2,400 computer books were in print and that most of them had been published in the past 18 months.

Mr. Weller said people who used computers as a hobby had started the increase in sales of computer books, but businesses are buying books now.

Joseph Esposito, director of computer publishing for New American Library in New York, traced the growth in the computer book market.

First, he said, "hackers," a term for computer enthusiasts, bought books. Then business people began studying word processing. Now, Mr. Esposito said, people interested in the computer as entertainment will begin buying books. "This generation sees the computer as a part of life, as an appliance like a Cuisinart, telephone, television and air conditioning," he said.

Computer books are said to have passed through both the dry, technical phase and the overly humorous one that was designed to appeal to beginners.

"The assumption was everyone was scared to death of microtechnology, and you had to crack jokes," Mr. Esposito said. "We've largely gotten beyond that."

New American Library will aim 20 titles at the mass market by Jan. 1, 1983, and up to 40 sometime in 1984, he said. Orders "are exceeding sales projections — and that almost never happens," Mr. Esposito said.

New American Library's sales strategy includes corraling its own stable of authors, such as Mike Cane, whose "Computer Phone Book" being published this year will provide a guide of computer networks.

The publisher also is reaching agreement with the Waite Group of San Rafael, California, to market through bookstores more sophisticated books, mostly dealing with programming.

New American Library will market with dilithium Press of Beaverton, Oregon, 14 books designed largely for the novice to the mass audience in outlets from bookstores to supermarkets.

Mr. Meyer said the dilithium Press agreement pointed to a trend to less expensive books. At present, he said, novels — both paperback and hardback — average \$6.50 while computer books average \$17.

Satellite Telephone System: A Quantum Leap for India

By Kim Gordon-Bates

NEW DELHI — When India's first multinational satellite, INSAT-1B, begins to relay intercity phone calls from one end of the subcontinent to the other, telecommunications in India will have undergone a major revolution.

The Indian government has embarked on a major program to improve telecommunications, especially the telephone system. Telephone density is fewer than three instruments for every 1,000 inhabitants, one of the world's lowest. The system dates from 1948, when the British company Automatic Telephone & Equipment (ATE), a forerunner of the Plessey group, won a contract to introduce the new nation's first indigenous telephone network. ATE gave India the Strowger system, which relied purely on mechanical principles. The system, which is now outdated, still constitutes the core of India's telephone operations. Later, in the 1960s, BTM, the Belgian affiliate of ITT, installed the Crossbar system.

All this, however, is being changed. Funds have been allocated to all the public-sector agencies dealing with telecommunications. The Department of Electronics, which acts as an advisory body to all the ministries seeking to acquire electronic know-how from abroad, has been issuing multimillion-dollar tenders to "ensure the development of a self-reliant telecommunications industry."

The Department of Posts and Telegraphs at the Ministry of Communications has been granted its largest budget ever, \$3 billion, to improve the country's basic telecommunications infrastructure for the current five-year plan, ending in 1985. Meanwhile, the country's main telephone equipment manufacturer,

Indian Telephone Industries, has seemingly unlimited access to public funds to attract "advanced proven technology" from the industrialized nations.

According to K.R. Nayar, director of the Telephone Research Center, the research and development arm of the Department of Posts and Telegraphs, "the main problem we have to overcome is the inadequate level of indigenous production."

India has been successfully manufacturing switching equipment of the Strowger and Crossbar types, coaxial and microwave transmission equipment, private automatic exchanges (PAX), electronic PAXs and electronic private automatic branch exchanges (EPABX). These are mostly produced by ITI's Palghat plant.

Established in 1976, Palghat quickly found itself in the paradoxical position of producing more exchanges than the country could absorb. To avoid a telephone exchange glut, the government was forced to liberalize its consumer purchasing procedures and allow direct consumer-producer outlets free of bureaucratic control.

ITI is about to sign a major contract with CIT-Alcatel, the French telecommunications multinational, in a deal that involves a \$35-million investment for the manufacture of digital trunk automatic exchanges (DTAX), at a rate of 150,000 lines a year.

Part of the challenge so far has been to bridge the technology gap between the Strowger system and the more technologically advanced systems. Unfortunately, this has not been easy. Policy decisions have frequently been plagued by intergovernmental rivalry

(Continued on Page 16)

Across Asia, Communications Have Highs, Lows

By Dinah Lee

HONG KONG — Recently a Hong Kong customer complained to the local telephone company that despite much regular publicity given to the expansion of direct dialing services, he was still unable to dial directly to his home in India. "We had to diplomatically explain that it wasn't Hong Kong's fault," a Hong Kong telephone company executive said. "India just doesn't have the equipment."

The customer's dilemma points up the enormous gap in communication technology existing throughout a region well known to have unrivaled growth potential. Computers and telecommunications are among Asia's fastest growing industries. Hong Kong, with its well-developed international financial community, is on a par with London and New York in replacing the telephone and telex with high-speed data transmission systems.

They offer contact with overseas offices at less cost than telephone or telex while using the same telephone, telex and satellite channels.

But while Hong Kong is moving toward data transmission at the speed of light, long-distance callers in neighboring Malaysia, Indonesia or the Philippines are still kept waiting for hours.

It shouldn't seem strange, however, that some of the most modern systems are in increasing use in Asia, where developing countries can buy the latest and best equipment available. According to the assistant general manager, finance, of the Hongkong Telephone Company, Brian Kennedy, Hong Kong had until recently the world's largest urban optical fiber network, through which data can be transmitted by phone. The network extends 3,000 fiber-kilometers and has 13 exchanges. This distinction was erased with the recent purchase

of a larger system by Buenos Aires. "In two or three years' time our fiber optics network will be the equivalent of telephone lines," Mr. Kennedy said.

By 1982, the telephone network here covered nearly 2 million telephones, of which nearly a quarter were business lines, in a territory with more than 5.5 million people. In 1982, Hong Kong used 85.2 million minutes of telex time. Mr. Kennedy said he expected growth in demand for data transmission to be 10 percent to 15 percent a year.

It was not so long ago that most hotels, shops and even sidewalk fast-food counters had a telephone sitting on a shelf for the free use of any passer-by. Although this is still common, pay phones are increasingly becoming the order of the day. Subscribers to international direct dialing number 100,000, with the service reaching 100 countries — if not yet India, everywhere

from Abu Dhabi to Macao. The fastest-growing route is to China. After much negotiation, direct dialing to Guangdong, China's southernmost province, was started this year, and other Chinese provincial capitals are expected to follow.

But the real competition and excitement is at the upper end of the market where the Hongkong Telephone Company and its rival, Cable and Wireless (HK) Ltd., which runs the city's telex and telegram services, are fighting to persuade the business community of the relative merits of their data transmission services.

In 1981, the Telephone Company jointly developed with Argamon, in Tel Aviv, the software for the Datal Message Services, which began operation in December, 1982, after a year's delay caused in part by objections from Cable and Wireless. The message service offers data transmission to London,

New York, Los Angeles, Tel Aviv and South Africa, with the use of a telephone, a "modem" (a box modifying the telephone to a word processor), and the Telephone Company's main computer.

With a "packet switching service," this system speeds already prepared data messages from the large computer of a telephone or telex company to a corresponding computer at the destination and then passes the message to the subscriber. "People aren't concerned about the cost initially," Mr. Kennedy said, "but once they've got the system they look for ways to reduce costs."

Using the telephone system and almost any variety of microprocessor, a subscriber to Datal Message Services pays rates that are 20 percent to 25 percent cheaper than telex to the United States and Britain. For secretaries at a desk, the main attraction is that a word processor can be used for preparing messages rather than a special telex machine.

The Hongkong Telephone Company said that precisely because its service requires no separate "dedicated network of lines" but uses simply the ordinary telephone system, it threatens the telex market. In Japan, both Kokusai Denshin Denway and Nippon Telephone and Telegraph are, not surprisingly, very protective of their respective monopolies. The message service in Hong Kong is available to "pirates" in Taiwan who subscribe and receive their messages in Hong Kong's computer and can call in from Taiwan. According to one local report, Hongkong Telephone has said that it hopes to take 40 percent of the outward international telex business from Hong Kong in the next few years. Literally only a block away, Cable and Wireless has its own new system called Dialcom, which began operation in September.

This system is operated by the Hong Kong company under license to Dialcom in the United States and is similar to British Telecom's Gold system and Australia's Minerva. Jim Carman, Asia-Pacific sales manager for Cable and Wireless, said that a system using telephone lines was vulnerable to the corruptions caused by bad lines, while Dialcom eliminates dependence on local telephone exchanges altogether. Unlike Datal Message Services, which is a "store and forward" system, Dialcom is called a "store and receive" system, also known as "electronic mail."

"Electronic mailboxes" are private — only a password can open and retrieve information.

Although the telex system is not connected to the Dialcom system, the telex machine can be adapted to talk to Dialcom.

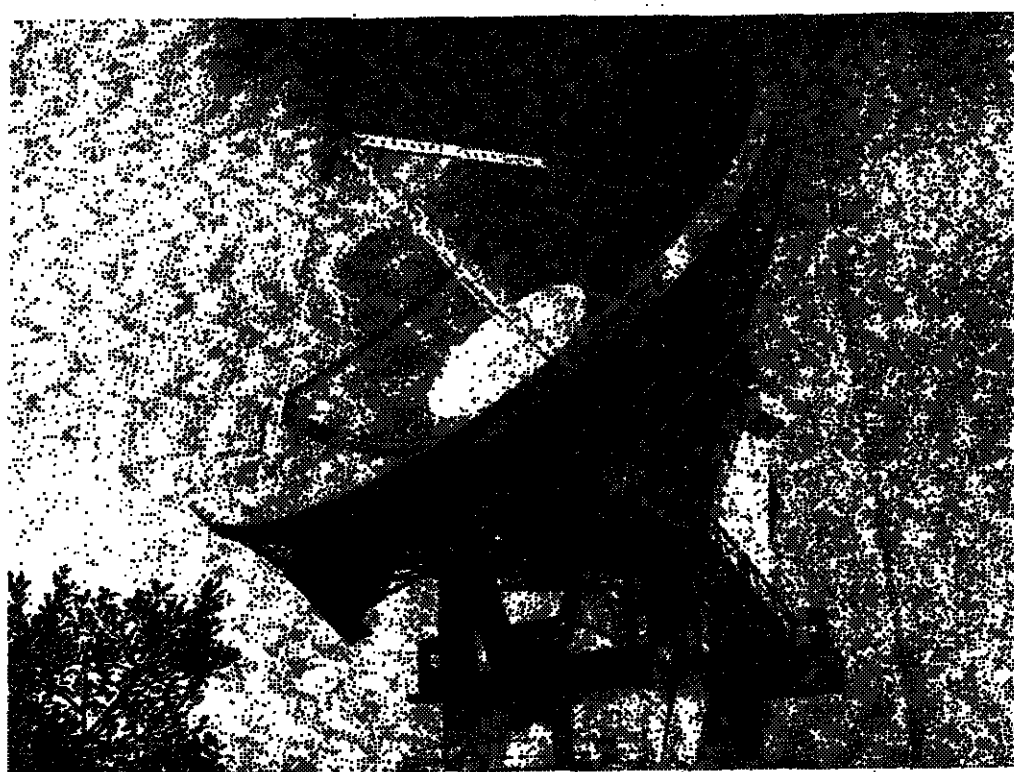
The registration fee of 600 Hong Kong dollars puts the system in the range of the smaller business user who then pays 80 Hong Kong cents per minute of Dialcom transmission time.

According to Michael Lee, customer support manager, there are already 3,000 to 4,000 customers in the United Kingdom and 42,000 in North America.

He said that in a city like Hong Kong, where a large number of companies already have their own hardware, Dialcom uses a "mailbox," which the companies then can call from any terminal at home or in the office.

None of the big telecommunications companies has pushed its program to transmit ideographs as fast as one might think in a region where Cantonese and Mandarin Chinese and Japanese are dominant languages.

Because of the complexities of transmitting Asian languages with a keyboard, the Japanese market for facsimile transmission has grown faster than any other side of the new industry there, even though facsimile messages cannot be edited or "packaged" at high speed.



Satellite transmission and reception systems will upgrade India's telephone system.

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The purpose of the CNT is to make available to the budget of the PTT funds needed to pursue further investments in telecommunications.

The CNT both issues loans and invests in companies whose exclusive purpose is financing of Telecommunications.

The CNT is currently active in the major domestic and international financial markets for public bond issues and syndicated and non-syndicated bank loans. Throughout the year, the CNT issued commercial paper on the United States market.

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COMMUNICATIONS TECHNOLOGY

Nigerian Expansion Of Telecommunications Vital to Development

By Patrick Smith

LAGOS — Nigeria is the most populous and the richest country in black Africa, but its economic development is seriously hampered by inadequate telecommunications.

More than 180,000 telephone lines and 12,000 telex lines are due to be in service by the end of this year. Nigeria's economic planners estimate that before 1985 the country will have 2.5 telephone lines per thousand inhabitants.

The Ivory Coast and Zimbabwe have more than one telephone line per hundred inhabitants.

Nigerian officials at the government-owned Post and Telecommunications Department said that unlike these countries whose telecommunications have to service one major city and two or three other urban centers, Nigeria has a population of more than 80 million people with the present capital at Lagos, the new federal capital being built at Abuja and 19 state capitals. In addition there are more than 800 urban centers.

Africa has one percent of the world's telephone population. But, telecommunications is no longer seen as a luxury in Africa; it is seen as an instrument of development. Experience has shown that telecommunications can help basic resources such as transport, roads and water to be used more efficiently. As transport costs have shot up, governments have looked for savings in the telecommunications sector where developments such as digital switching and satellites have actually brought costs down in the long term.

One major problem has been the multiplicity of contractors operating in the country. A spokesman for the telecommunications department said 28 different telecommunications contractors are operating in Nigeria, but the government plans to cut this down to about six or seven companies in an attempt to standardize equipment used in the country. ITT Nigeria, the biggest telecommunications company in the country, is building a factory to produce a wide range of telecommunications equipment.

Officials at the Post and Telecommunications Department said that past efforts to improve the telecommunications network put too much investment in telephone switching equipment and exchanges and not enough in the external line plants and transmission (trunk) line facilities. To rectify this, they contracted GEC to refurbish all the existing transmission lines in collaboration with department staff.

The present government announced plans to install a new transmission system, including a coaxial cable system between Lagos and Kaduna — a distance of more than 800 kilometers (about 500 miles). This transmission line needs 200 repeater stations, some of which are located in the bush with no readily available source of power.

The repeater stations rely on mini-generating stations to power them. It is usually the breakdown of one or more of these generators that causes breaks in transmission.

The Ministry of Communications estimates that the new national transmission system with its 500 repeater stations will cost more than \$150 million in fuel, spare parts and maintenance costs. To save money the ministry is investigating the use of solar power for the remaining parts of the transmission system.

Nigeria's domestic satellite built in 1977 provides for a network radio and television service and a national telegram service.

Government officials indicate there is sufficient demand from government agencies like the central banks, customs, security agencies, and the commercial banking and media industries and from adjacent African countries to embark on an additional domestic satellite program.

Despite the continuing problems of city-to-city transmission there has been a significant improvement in the telephone system within cities.

This has been achieved by a massive program for the construction of telephone exchanges; in the last four years, 50 exchanges of varying sizes have been constructed.

Work is in progress on 30 more. These will be supplemented by more than 35 mobile exchange facilities.

The bulk of this work has been undertaken by ITT Nigeria, which acts as agent for ITT Corp. One of the biggest exchanges the company has constructed recently is at Ibadan.

It has a modern public switching network with an initial capacity of 10,000 lines and a capacity for up to 30,000 lines. The exchange cost more than \$60 million to build.

Other companies like Eltec (Nigeria), formerly Siemens (Nigeria) and Fujikura have worked on the major telephone exchange projects. And as part of government policy to use made-in-Nigeria products first, Eltec set up a cable manufacturing company following the commercial success of the German-Nigerian partnership company, Kabelmetal.

The most tangible improvement in the Nigerian telecommunications system has been the improvement in links with the international telecommunications system.

Four years ago all international calls had to go through the operator and some had to be booked.

Since then there has been a 400-percent increase in international calls made from Nigeria but more than 5,000 subscribers have direct dialing facilities to the rest of Africa, Europe and the United States.

The chairman of Nigerian External Communications, Ibrahim Tahir, said the telephone company's turnover increased from \$74 million in 1980 to \$126 million in 1981 — while profits soared from \$7 million to \$44 million.

He said the company, conservatively estimated to be worth more than \$460 million, is now looking forward to a turnover of about \$650 million by 1985-86.

It operates an earth station at Lanlate in the south, built in 1972, and in Kufajana in the north, completed this year.

Construction of a third station in the east of the country began at Enugu earlier this year. A fourth will be built at Abuja.

Busy U.S. Magazine Industry Backs Growing Need for Information

By Skip Wollenberg

The Associated Press

NEW YORK — When David Ahl began publishing a magazine to help people make better use of schoolroom computers nine years ago, he had the field largely to himself. Today, his magazine, Creative Computing, competes with more than 130 personal-computer publications, and new ones are born every week.

The rush to market in the United States is so frantic that in late July two publications with the same name — PC Week — appeared on the newsstands the same day. The conflict was resolved with computer-quick precision: One publisher agreed to buy out the other and hired the competitor's staff.

Mr. Ahl said that despite the proliferation of computer publications aimed at users of home and small business computers, he finds little has changed about why people buy them. "Someone new to the field still has the same need for basic information. They have to learn the rudiments of logically analyzing a problem. They have to know about the various components of a computer," he said.

One industry watcher, International Data Corp.

of Framingham, Massachusetts, estimates the number of computers in homes in the United States soared from 216,000 in 1980 to 2.3 million by 1982 and probably will more than double to 5.88 million this year. That has triggered a flood of magazines with names such as Interface Age, Infoworld, ComputerWeek and Digit. Some cover the industry in general. Others concentrate on specific products. Some aim for the beginner and others for the computer veteran.

Among the generalists are Byte, Computer, Microcomputing, Personal Computing and Popular Computing. The more specific magazines include Sync, which deals with Times-Sinclair computers, and PC, PC World and Personal Computer Age, which cover IBM's Personal Computer. The Apple computer has inspired some of the more colorful magazine names — InCider, Nibble, Peelings II and Apple Orchard.

Still other magazines, such as Softside and Softline, focus on the programs that make computers work — the software. The magazines are rooted in newsletters that sprang up after the introduction of minicomputers in the mid-1960s and microcomputers in the mid-1970s.

The newsletters frequently were geared to educators and were published by the computer makers

themselves or by professional organizations. Mr. Ahl, who once worked in marketing for a computer company, began Creative Computing in 1974 as a hobby from the basement of his house in New Jersey. With mailing lists from two computer manufacturers and \$600, he prepared and distributed about 8,000 copies of the first issue.

Circulation had grown to about 120,000 when the magazine was bought by Ziff-Davis Publishing Co. in 1981. Its circulation now is more than 250,000. The development of the microcomputer industry not only spawned a generation of computer magazines, but also helped change one long-running publication's name.

Popular Electronics, which had attracted a loyal following among hobbyists in 20 years of publication, was renamed Computers & Electronics in late 1982. Its publisher, William David, said circulation — steady at 400,000 for several years — had increased to 575,000 since the title change.

The personal-computer magazines are heavy with ads, mostly from computer and computer software companies. A few of them, such as Byte and PC, resemble telephone books at 600 pages and more. The magazines generally contain stories describing new products and their uses. They compare the performance of different machines and

software, answer questions from readers and provide programs that can be typed into a computer system. But each tries to be different. Mr. Ahl said his Creative Computing specializes in "in-depth evaluations" of equipment and software.

Computer, which operates within the publishing division of American Broadcasting Co., gives the home-computer buff programs that can be used on a variety of machines, said Gary Ingersoll, its president.

Personal Computing, published by Hayden Publishing Co. Inc., is written to answer the question: "What else can I do with my machine?" according to the magazine.

Byte, published by McGraw-Hill Publications Co., is aimed at sophisticated computer users, some of whom may have advanced degrees, said the publisher, Gene Simpson.

But publishing analysts said the number of computer magazines eventually will dwindle, probably in step with the widely expected shakeout in the industry that spawned them. "Every boom creates opportunities," said Ed Atorino, who follows the publishing industry for the investment firm of Smith Barney, Harris, Upham & Co. "Inevitably, there will be a shakeout as the ad dollars get spread pretty thin. How long until then, nobody can predict."

Six-Year Saudi Arabian Investment Program Is Beginning to Pay Off

By Robert Bailey

LONDON — The telecommunications system in Saudi Arabia is not yet on a par with North American systems or the best in Europe. But after six years of investment at levels that few developing nations could even consider, the kingdom is catching up fast.

Calls can now be dialed direct to about 80 countries. A one-minute call from Jeddah to Washington — which could not even have been attempted a few years ago with any certainty of getting through — is now made routinely, and at a cost of about \$2.60.

Almost unlimited funds have permitted the kingdom to install the latest in microwave, satellite and coaxial-cable technology. These links provide increasingly high standards of national and international communications for city and rural dwellers in the kingdom's vast deserts and often hostile environment.

While the cost and effort have been prodigious — Saudi Arabia has spent \$5.2 billion since it signed the Telephone Expansion Project contract in 1977 — the investment is proving to be one of the kingdom's best. The number of working telephones has increased from 160,000 to 800,000 in five years.

By relying primarily on computer-controlled digital technology rather than the conventional analog systems, the Saudis have obtained a vast increase in switching capacity, and a system that is compact and reliable — important traits in a developing country short on skilled manpower.

This ongoing investment has done much to improve the kingdom's infrastructure, adding to the rapid growth of commerce and industry. And there is to be no letup in spending, despite declining oil revenues. The national budget allocates \$1.84 billion to be spent on telecommunications capital projects in the current financial year. And the armed forces are to spend

There is to be no letup in spending, despite declining oil revenues. The national budget allocates \$1.84 billion to be spent on telecommunications capital projects in the current financial year. And the armed forces are to spend almost as much to improve their own communications facilities.

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The National Guard, for example, will have a nationwide microwave communications system under a \$700-million contract being coordinated by Cable & Wireless of Britain.

Along with its major push to develop internal communications, Saudi Arabia has joined with its Arab neighbors in an effort to develop regional satellite communications.

The kingdom is the majority partner in the project by Arab Satellite Communications Organization, or ArabSat, to provide telecommunications services among Arab League countries, using two satellites being built by Ford Aerospace & Communications and Aerospatiale of France.

The satellites are scheduled to be launched in the second half of 1984 by the European Space Agency's Ariane-3 rocket and the National Aeronautics and Space Administration's space shuttle. The ArabSat system represents the Arab world's most ambitious attempt at technical cooperation. It will provide tele-

phone and data transmission services and a television channel that, for the first time, will offer educational television programs throughout the region.

Ground receiving stations are now being constructed. The main tracking and control station is being built in Riyadh by Nippon Electric Co. Saudi Arabia is also likely to play a leading role in a proposed Islamic Telecommunication Union.

But the kingdom's greatest emphasis is on its own development plans. These call for an increase in installed switching capacity from the present 1.1 million lines to 2.25 million lines by 1990. Most of the work is expected to go to the original consortium of Philips of the Netherlands and L.M. Ericsson of Sweden. The two companies have installed more than 200 analog and digital exchanges, with connections to operational centers in Riyadh, Jeddah, Dammam and Taif. The computerized control center is based in Riyadh.

Italy's Sirti, through a local company called Saudi Arabian Telecommunications Co., known as Sartelec, has supplied the key coaxial cable transmission element in the Saudi network. The cable stretches across

the kingdom, from Dammam to Taif. In September, Sartelec signed a contract worth \$290 million to install an additional 2,500-kilometer (1,550-mile) cable link from Riyadh to Tabuk via Jeddah.

Microwave is the other principal transmission method. Western Electric of the United States in 1979 provided the initial 10,000-kilometer microwave network, involving 300 towers. In August 1982, American Telephone & Telegraph Co., the parent company of Western Electric, was awarded a \$378-million contract to expand the microwave system by almost doubling the number of voice circuits, now at 70,000. The enhanced system is designed to provide direct dialing to remote areas, including the Sharoura military center in the Rub al-Khali desert.

The civil network will become more sophisticated with the completion by Philips and Ericsson of a national automatic telephone system. The work, due to be completed in 1985, involves the provision of 18,000 mobile telephones and 48 base stations, to serve 32 cities and towns as well as the Jeddah-Medina and Jeddah-Mecca road networks. The operation uses the Nordic Mobile Telephone system, which allows subscribers to make domestic and international calls from their cars.

Bell Canada Enterprises has managed the Philips-Ericsson system since 1977. This year it extended its arrangement with the Saudis for five years in a contract worth \$1.3 billion.

Eventually the Saudis are expected to assume the operation and management of their system, and probably will turn it over to the private sector. Alawi Darwish Kayyal, the minister of posts, telegraphs and telephones, reportedly plans to transform Saudi Telephone into an independently registered corporation by 1985.

Rules of Global Communications Change, Leaving Legal Uncertainties

(Continued From Page 10)

the use of non-Intelsat satellite facilities for international "public telecommunications service" without prior coordination with Intelsat to ensure the technical compatibility of such facilities with the Intelsat space segment, and it states that such use of alternative facilities will not cause "economic harm" to the Intelsat system. To date, Intelsat has concurred in the use of privately owned domestic U.S. satellites to provide television service from the United States to such neighboring countries as Canada, Bermuda and various Caribbean and Central American countries.

Since the resource of outer space is irreplaceable for efficient low-cost communication, it is only a matter of time before dispute settlement techniques and procedures will be extensively relied upon to resolve conflicts. This will be true even with the existence of extensive satellite insurance, where the issue will be the interpretation of the policy language in the context of the state of the technology.

Extensive treaty law may be developed. The General Assembly of the United Nations recently adopted a resolution prohibiting transborder direct broadcast satellite transmissions to the households of a receiving country without the government's prior consent. The resolution, which was backed by the Soviet Union and Third World countries, represents a substantial restriction on international television programming and could have particular impact on the emergence of DBS as an applied technology in Europe, given the likelihood of "spillover" of transmissions in Soviet-bloc states.

The action of the General Assembly will serve to reinforce for the United States and other technologically advanced countries what they perceive as a politicizing of the proceedings of the International Telecommunications Union (ITU), the specialized UN agency responsible for managing the international allocation among and use by nations of the radio spectrum, including via satellite. The ITU's jurisdiction to ensure harmonious use of the geosynchronous orbit by member states through a highly refined coordination process could be threatened as a result of such political undercurrents. An interesting example of this was recently witnessed in Cuba's filing with the ITU of notice that it would seek to use a position in the orbital arc technically unacceptable close to several U.S. satellites. As more

countries strive to launch and operate satellites of their own for nationalistic reasons, the tensions thus experienced could be exacerbated.

Another major legal constraint on program content of television, transmitted by satellite will be the application of international and domestic copyright laws. In the United States, the Copyright Royalty Tribunal has adopted special rules protecting the owners of domestic television programming received via "distant signals," usually by satellite. The perturbations in domestic copyright law reflected in new dimensions on the international plateau as television signals are transmitted not only between countries but among continents, and issues of jurisdiction of national copyright rules and adequacy of

international conventions are bound to be presented.

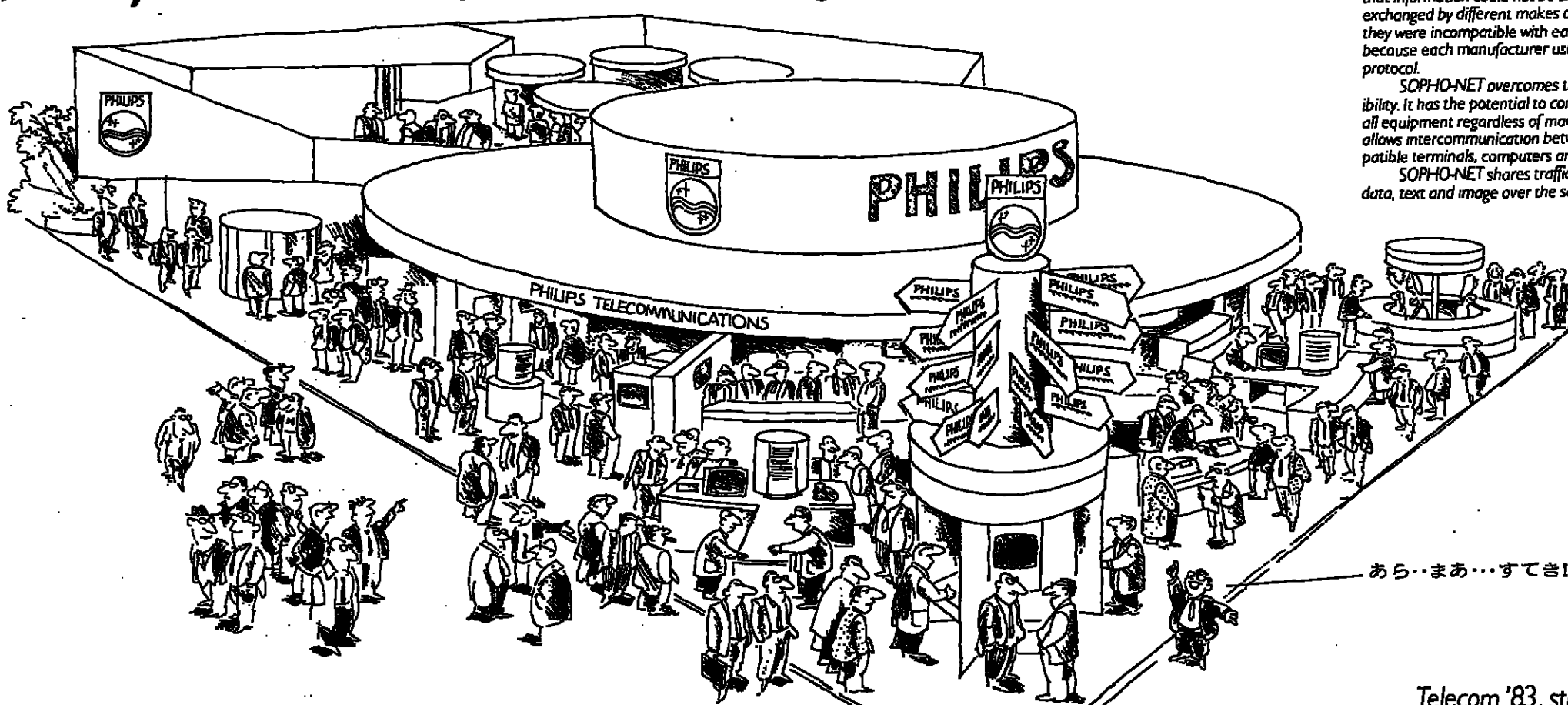
National telecommunications laws can also be expected to shape the way in which investments in international satellite systems are structured. Under U.S. law, for instance, severe restrictions are imposed on equity involvement by foreign interests in the licenses of satellite systems. However, foreign concerns may freely lease or even purchase transponders on satellites providing service in the United States.

The advent of space stations, or large space structures, will also continue to change the rules of the game. Because of the high-power transponders on space platforms, beam shaping will be possible and platform-to-platform communication easily accomplished. However, the high cost of the platforms will result in sophisticated joint ventures and multinational cooperative endeavors that will require new and innovative legal regimes.

The right to communicate is a basic right whether it is implemented by governments or private ventures. The rules need to be clear and, if at all possible, developed in an anticipatory fashion. This is the more difficult approach to the law. But then the game itself is for very high stakes.

If international telecommunications law can be adapted to facilitate platforms and dispute settlement techniques can be developed that are timely and equitable, then the new rules of the game will facilitate and support the technological imperative. If not, then the game will most likely take on a distinctly militaristic format — and then nobody wins.

Philips is bridging the Burroughs, CDC, Wang, CI, Hewlett-Packard, Digital, Sperry, Siemens, IBM, ICL, NCR, Honeywell and Nixdorf communications gap.



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PHILIPS

COMMUNICATIONS TECHNOLOGY

Digital Advances Bring 'Home Communications Hub' Closer

By Pearl Marshall

BONN — The start of production of digital television sets last month was viewed by many as the first significant advance in television since the introduction of color.

Standard Elektrik Lorenz (SEL), the West German subsidiary of ITT Corp., is the first manufacturer to bring such sets to the world's stores. By incorporating computer technology, the sets are able to convert today's incoming analog signals to digital data. This results in enhanced sound and picture quality. The only digital circuits in television until now were limited to control functions.

Within the next two to three years, viewers will be able to use digital sets to freeze a spectacular soccer goal kick or zoom in for a close-up.

As television becomes more like a computer, the long talked about "home communications hub" appears to be easily achievable by the end of the decade. Sets will not just entertain, but will provide outside communications for information retrieval, banking and shopping. Personal messages will be able to be sent to friends.

Some jobs currently done in the office will be carried out at home with the digital set, bringing pro-

found changes to family and city life. The potential changes already are being seriously examined by social scientists.

However, although digital TV brings such advances tantalizingly close, much development work still has to be done. Entry of the SEL sets into West German stores — and shortly those in Switzerland and Austria too — is viewed as only the first in a series of exciting breakthroughs over the next few years.

Such sets also simplify the removal of international broadcasting barriers caused by current in-

compatible TV standards because they can be manufactured to process signals in any broadcasting format. It is just a matter of which chip is put in the set.

SEL modeled a set capable of using France's SECAM system at an audio and video fair in West Berlin in September. East Berlin also uses the same transmission system.

SEL claims its ability to digitize almost all signal processing chores provides not only a crisper picture and better sound, but also increased reliability. This is because there are fewer components follow-

ing the replacement of about 300 conventional components with just seven chips and because the digital data constantly corrects performance deviations due to the aging of other components.

But are these advantages enough to attract viewers to the higher end of the TV market and will they pay \$1,000 for the SEL model? A SEL spokesman, Hans Engelkamp, who pointed out that the advantages are coupled with additional selling points, including a teletext decoder, said that he was positive about the market. The decoder processes additional information sent out by television stations in page format such as news, weather, sports and theater and opera programs.

West German viewers, too, are already oriented toward purchase of higher-priced sets because of their desire to receive stereo sound transmissions such as those put out in the last two years by the country's second TV system, Zweites Deutsches Fernsehen. The two sound channels often enable set owners to choose from one of two languages when viewing certain films. All SEL's new digital sets include such stereo sound reception.

SEL plans to use its position over the next few months as sole supplier of digital television sets to increase its share — currently 10 percent or more — of the West German market.

Its initial advantage has been ensured by its access to an ITT subsidiary to ITT's chip sets way ahead of other European and Japanese manufacturers. "We should have a time advantage of at least half a year," said Ludwig Orth, vice president of ITT Europe and SEL's general manager of consumer products. "If you look at our competitors — and last month in Berlin was a good place to do so — Grundig was announcing it might start in the second quarter of 1984. Telefunken was still considering [the question], but I think they will not start much earlier than the second or third quarter of next year."

These and other competitors will also be purchasing the ITT chip sets. ITT's effort to gain a lead in these sets is seen by others in the industry as an attempt to corner the market. A large demand for such chip sets would bring costs down, making digital television more competitive in terms of price. By the mid-1980s, ITT expects to reduce the number of chips in its set from seven to four, cutting costs further.

Competitive chip sets are being developed by other firms such as Philips, a leading European producer of signal-processing components, but Philips will not be marketing "fully digitized" TV until around 1985 or 1986, said Jan Giel, a spokesman for Philips in Eindhoven, the Netherlands.

The Philips sets will include additional features not found in the current SEL sets, including flicker-free pictures and the ability to freeze action and zoom in for close-ups.

Philips questions whether the digital sets entering the market offer any obviously discernible improvements in image quality over conventional analog sets. SEL's Mr. Orth said it was a matter of individual taste, adding that "we are at the starting point of a new technology and the clear, visible improvements are to come."

The next big jump — to the flicker-free picture and the zoom and freezing actions — can only come when each picture flashed on the tube can first be stored in a memory. Both ITT and Philips are neck and neck in the race to see who can develop the technology from laboratory to commercial stage first. Both are aiming to have such sets on the market around the same time.

Two other developments that digital technology will bring shortly are the eradication of "ghosts," the double images that plague reception in built-up areas, and the elimination of "snow" or so-called noise. Ghosts occur when transmissions are partly reflected off large buildings and mountains, causing the antenna to receive the signal twice. Future digital circuitry will be able to detect such ghosts and prevent them from appearing on the screen.

Banking, TV-order shopping and large-scale information retrieval will become an option for West German television viewers as the country's national post and telecommunications organization, Deutsche Bundespost, expands its videotex service known as Bildschirmtext. Last month, it officially announced its plans to go nationwide with videotex in May next year after three years of field tests in West Berlin and Düsseldorf. By 1986 it hopes to have 1 million users and 70,000 information providers, among them the organizations and businesses such as banks, travel agents and mail-order firms who want to reach the television public.

Bildschirmtext is made possible by connecting the television set via the normal telephone network to a computer. May marks the occasion of the Deutsche Bundespost's start-up of its enormous central IBM computer at Ulm.

Besides a telephone and TV set to receive Bildschirmtext, the user needs a decoder and a modem, a device rented from the Deutsche Bundespost, which translates the computer data so that it can be picked up by the television.

As Bildschirmtext technology conforms to European videotex standards, West German users will shortly be able to use television to communicate and purchase goods across international borders.



The Airplay tray video games fit onto passengers' dinner trays.

A Canadian Airline Hoping To Introduce Video Games

By Fred Langan

TORONTO — After a successful summer trial, the Canadian airline CP Air is negotiating to add video games to its permanent list of in-flight entertainment.

The decision by CP Air, a division of Canadian Pacific Limited, grew out of an experiment during the summer in which video games were built into trays on top of regular meal trays. The games, including black jack, baseball, boxing and tennis, were rented to passengers for \$3.50.

The machines, more like handheld video games than the more sophisticated ones in arcades, offered two or three separate games for the experiment.

The investors and the airlines plan to build more complex versions.

CP Air tested the games on one of its longest flights, the nine-hour Vancouver-to-Amsterdam flight, as well as on its Vancouver-to-Toronto flight.

Passengers could also pay \$3.50 for earphones for music and movies, but video games were available to passengers who were sitting in the non-smoking section of the plane.

The games emit a slight beep similar to a pocket calculator. A survey of passengers who used the games showed that 95 percent would rent them again.

CP Air's manager of in-flight product development, Don Buchanan, said it was almost certain the airline would go ahead with the idea, pending an agreement with suppliers.

"We're looking at a no-risk situation for the airline," he said. "They can use our audience in exchange for the machines."

The idea for the game came at about 30,000 feet, to a passenger, Michael Thorek, who said he was

fidgeting with the tray in front of him.

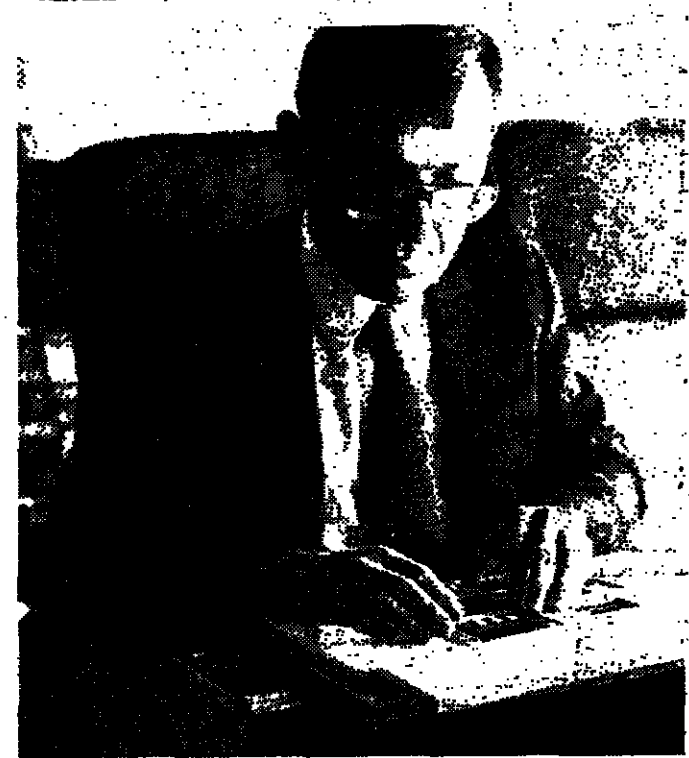
"Some of my best ideas come on airplanes," said Mr. Thorek, the inventor of one of the two systems used by CP Air. Mr. Thorek, head of an executive search firm in Toronto, started Air Video Inc. as a result of this idea. "It dawned on me that the tray was only used for meals and the rest of the time it was empty. I guess because I was pushing on the tray I wanted some response. Then I thought there should be a video screen so I could get some responses from it."

Another firm, Altus of San Jose,

California, also made games for the CP Air test.

The difference between the experimental machines and an acceptable final product would be about \$450,000 to \$500,000 in development," Mr. Thorek said. CP Air would like the more advanced versions to provide flight and safety information and a small computer as well as games.

Mr. Thorek said his share of profits would come not from outright sales of the games but from a revenue-sharing agreement. "The airline supplies the space, I supply the games and we share the revenue," he said.



Michael Thorek: An inventive passenger.

Uncertainties Cloud Broadcasting Plans

(Continued From Page 11)

meter across mounted in a garden or on the roof of a home. At the moment most of Europe uses the PAL color system, but France and the Eastern bloc use SECAM. Electronically there is room in each satellite channel for higher quality pictures than are possible from PAL or SECAM.

The British government has backed the Multiplexed Analogue Components system, known as MAC and developed by engineers of the Independent Broadcasting Authority, which controls commercial TV in Britain. MAC is a completely new system which, if adopted across Europe, would provide

the first single TV system in Europe. One set would work in any country. As a bonus European viewers could get better pictures. Although engineers across Europe favor MAC, governments, notably the French and German governments, have not followed Britain.

The British Broadcasting System, which is committed to start DBS broadcasting in 1986, may have to defy the British government and use PAL or risk technical isolation from the rest of Europe. To confuse things, the Independent Broadcasting Authority has been given permission to start broadcasting commercial DBS on two more of the five channels allocated

to Britain. France probably will start transmitting in SECAM and Germany in PAL, perhaps later switching to MAC if Britain takes the risk and pioneers the new system.

To confuse the issue further, some people argue that there is no need to use 200-watt transmitters for DBS. They say that improved receiver technology makes it possible to pick up signals from a lower-powered, and thus cheaper, satellite. But this could mean that viewers get poor quality pictures or have to spend more money on their receivers. Poor quality pictures from satellites may be acceptable in North America, where the idea of

low-power DBS originated and where terrestrial TV is traditionally of poorer quality. But in Europe viewers are used to crisp, clear color. Also low-power satellite signals will be more prone to interference, such as "scatter" by rain, resulting in more days when reception is below average. It would be better, say broadcast engineers, to take advantage of improving receiver technology by reducing the size of the dish aerial needed, for instance to 6 meters from 9 meters.

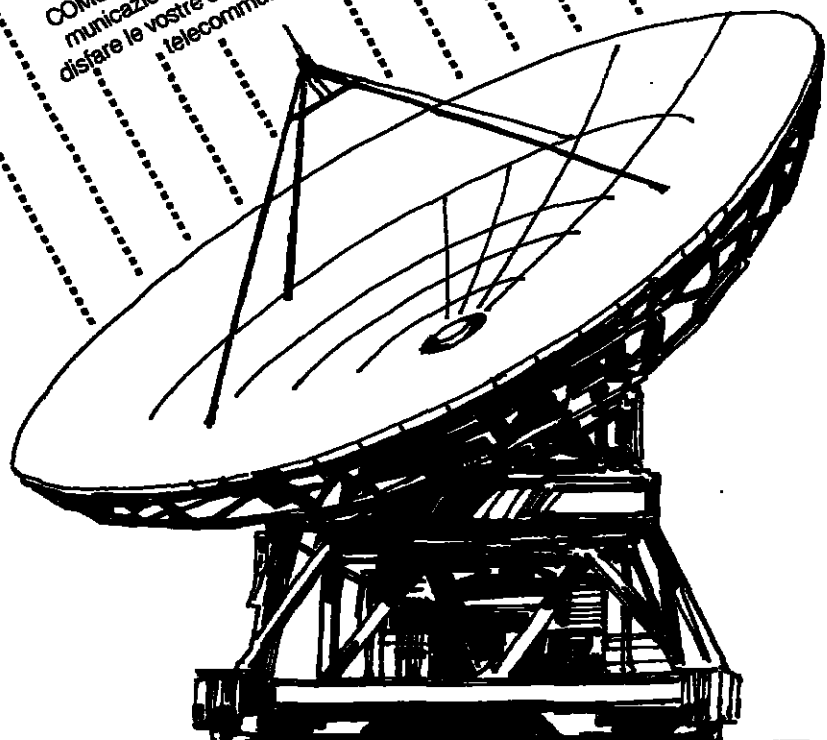
DBS is closely tied to cable TV. This is already used in many countries where wires feed signals into homes that cannot get good reception from their roof aerials.

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canceller and digital compander, and compare echo cancellation to echo suppression with our simulator demonstration.

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For more information stop by our Booth 1.134 or contact COMSAT, Marketing Division, 950 L'Enfant Plaza, SW, Washington, D.C. 20024, USA. Phone 202/863-7373.



Turning to Needs of Homes

(Continued From Page 12)

voices of Micronet 800, which is 50 percent owned by Prestel. Messaging permits a personalization not possible with simpler videotex systems.

"If you look back at the history of Prestel," Mr. Schoonmaker said, "you find that it wasn't immediate and personal enough for a lot of people." Although Prestel was originally envisioned as a home service, only 16 percent of its users were residential subscribers.

But most observers think that home data services will discover a future as systems develop further. "I think we are getting overloaded with information," said Roy Mason, one of the founders of the World Future Society. "People will need to get plugged into other sources that will help select information for them."

Mr. Mason, who is also architecture editor of The Futurist, the society's bi-monthly publication, and author of a book on futuristic architecture to be released in November, is convinced that consumers will soon be ready to automate various household functions.

"One of the ways that it will start is for security and also energy," he forecast. "The key word is pay-back." Analogous devices, such as cameras and microphones, can be attached to a computer to enable it to monitor activity in and around the house and optimally control the home's interior environment.

The Booz, Allen & Hamilton study found that three-quarters of consumers are willing to pay an additional monthly sum for a computer-based home security system.

A one-year trial of computer-controlled electricity use, involving 100 homes, began this month in the United Kingdom. Both the homeowner and electricity company are able to monitor and adjust energy consumption at the touch of a button.

As people surround themselves with the electronic paraphernalia necessary for some of these applications, they will be building the foundations of the home of the future.

With such systems at their disposal they will begin to study, work, and entertain themselves more at home. "To me it is only logical, in view of these trends, that the home will become more than a place to just eat and sleep," said Mr. Mason.

While futurists do not see eye to eye on the implications of these impending changes, few believe that the arrival of the electronic home will have a negative social impact.

"It will be an evolutionary process that should not cause major dislocations," assured Mr. Compaine said.

"My whole thesis is that the home of the future will become more like the home of the past," Mr. Mason said. He believes that the computer-controlled electronic center of the home will serve as a new "hearth."

CONTRIBUTORS

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WEDNESDAY, OCTOBER 26, 1983

BUSINESS PEOPLE

B.S. Thomas to Be Executive Director of Merchant Banker Samuel Montagu

Barbara S. Thomas is to leave the U.S. Securities and Exchange Commission after serving three years of her five-year term, giving President Ronald Reagan the opportunity to shift the balance of power on the five-member SEC further toward his own thinking.

Mrs. Thomas, the second woman to serve on the SEC and the youngest commissioner in its history, is to become the first woman executive director of the London-based merchant bank, Samuel Montagu & Co. Ltd.

Mrs. Thomas, a Democrat, was appointed to the SEC by President Jimmy Carter at the age of 33 after a meteoric career that led to a partnership in the New York law firm of Kaye, Scholer, Fierman, Hays & Handler.

"When I came to the commission, I was the most conservative person on the SEC," she said recently. "But the commission has moved so much toward the right that I am now precisely in the center."

Her expertise and outspoken views on securities and international capital markets have won her a considerable reputation outside the United States. When she joins Samuel Montagu in January, she is to divide her time between offices in New York and Hong Kong, where she is expected to have a galvanizing effect on the merchant bank's Far Eastern operations.

She is energetically bullish about the future of Southeast Asia in general and Hong Kong in particular and has enthusiastically supported her husband's move to open an office of his New York-based law firm, Paul, Weiss, Rikkind, Wharton & Garrison, in the colony.

Mrs. Thomas, who was visiting London this week to speak at a conference on self-regulation in the securities industry, said she was "absolutely thrilled" at the challenge presented by her new job.

"To think that such an old-established London company should have someone who is American, a woman and my age as a director is very exciting," she said, after her election to the Samuel Montagu board Monday.

"But I feel I must stay on at the SEC until the crucial vote on self registration in November. I feel it is a very bad system, as applied to equities, and I must be there to try to force a compromise."

A GHJ spokesman said this week that the group could make no official statement, as "no one can predict what may happen" between now and the extraordinary general meeting that has been called for Nov. 8.

But company officials have indicated that Mr. Lenning will probably be succeeded by Klaus Goette, formerly of Allianz Versicherung, the insurance giant now stalking Britain's Eagle Star Co., and the Fick industrial group. Mr. Goette is a member of MAN's supervisory board.

Other Appointments
A senior advertising man from the London office of J. Walter Thompson, John Scott, has been appointed director of marketing, Europe, for Burger King.

Mr. Scott, who was a senior associate director of JWT, joins Bill Prasher, Burger King's recently appointed senior vice president and general manager, Europe, as the world's second-largest hamburger chain launches a renewed assault on the European market, backed by a \$20-million cash injection.

At present, Burger King has 69 outlets in Europe, out of a worldwide total of 3,500. The company's target for Europe is 350 by 1987, with 50 in Britain.

Anthony Macaulay, a partner in the law firm of Herbert Smith & Co., is to be the new secretary of London's panel on takeovers and mergers. Graham Pinnell, secretary for the past two years, will return to his firm, Lovell White & King, Nov. 7.

Svenska International, the London-based subsidiary of Svenska Handelsbanken, one of Sweden's largest banks, is now licensed to take deposits and has named Lars Brander as managing director. Other Svenska appointments are Leif Hedberg, deputy managing director; Jan Henrik Glahn, director, banking services; Howard White, director, corporate finance; John Ratner, director Eurobonds; and Christopher Wells, director and financial controller.

—IAN ELLIOTT SHIRCORE

Clark Shift Is Setback for Trade Hawks

But Change Not Expected to Bring A Surge in Business With Russians

By Clyde H. Farnsworth
New York Times Service

WASHINGTON — President Ronald Reagan jolted Washington Oct. 13 by nominating his national security adviser and longtime confidant, William P. Clark, to the suddenly vacant post of interior secretary. The president stressed, and aides confirmed, that his friend and adviser had requested the transfer from his august White House position.

In a less widely noted move the same day, Lawrence J. Brady said he was leaving his post as assistant secretary of commerce for trade administration for personal and financial reasons.

The two events, seemingly so different, were in fact closely linked, Washington insiders say.

Mr. Clark and Mr. Brady have been two of the Reagan administration's hardest of hard-liners on East-West issues, the insiders explained. From their key posts in the White House and Commerce Department, the two hawks — along with their ally, Defense Secretary Casper W. Weinberger — had fought fiercely in recent months for tighter curbs on trade with the Soviet Union.

Their opposition, also formidable, was led by Secretary of State George P. Shultz and Commerce Secretary Malcolm Baldrige, who had argued vigorously for restraint and consistency in the United States' dealings with the Soviet Union.

The real significance of the shifts by Mr. Clark and Mr. Brady, say those close to the event, is that the administration's hawks on trade have lost their former primacy within the president's councils, signaling changes to come in U.S. trade dealings with the Eastern bloc.

Aides said this dilution of hard-line sentiment is further underscored by the appointment of Robert C. McFarlane, a "centrist," as Mr. Clark's successor at the National Security Council.

"It's the pragmatists over the hard-liners," said Edward A. Hewett, a senior fellow at the Brookings Institution. "My guess is that what's going to happen is that the government will play a more neutral role in trade and that we will only prevent the export of those commodities that could endanger national security."

Marshall I. Goldman, associate director of the Russian Research Center at Harvard, also talked of the potential importance of the hard-liners' apparent defeat in Washington: "The hawks have lost a very significant pair of allies" in Mr. Clark and Mr. Brady.

"Now all the opposition to trade with the Soviets is concentrated in the Defense Department," he said. "That makes the businessman's chances" for improving trade with Moscow "that much stronger."

Mr. Goldman, who was a Soviet affairs adviser in the Carter administration, added that Mr. Reagan's measured response to the Soviet Union's shooting down of a South Korean jetliner is another indication of the moderates' new domination of his circle of advisers.

"The president's instinctive reaction after the plane was shot down was probably to bring trade between the two countries to a screeching halt, and I'm really surprised that he didn't," he said. "It shows that he's reacting as a diplomat."

Indeed, it is clear now that the president was under enormous pressure from several quarters, including a faction led by Mr. Clark, to take a tough stance following the plane incident. According to one aide who asked to remain anonymous, Mr. Clark's ally, Mr. Brady, said at a policy meeting soon after the crash that, "We must strike while the iron is hot." The effort was headed off by Mr. Shultz and Mr. Baldrige, however.

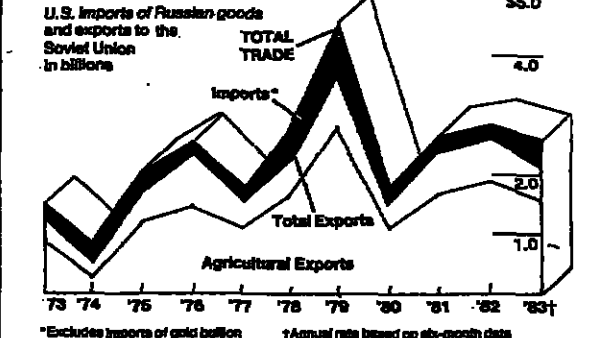
Despite the apparent victory won by the moderates, administration officials and outside analysts caution against expecting any sudden increase in trade with Moscow.

"At this point, for political reasons, it just isn't the time," said Mr. Hewett. "What the pragmatists say is: 'At least let's stop the restrictions and let trade take its course.'"

That course so far has proved to be rather unimportant in dollar terms. Despite the intensity of the trade debate in Washington and business' frequent complaints about the U.S. government's use of trade sanctions, the value of American exports to the Soviet Union (Continued on Page 19, Col. 3)

Trade With Russia

A One-Sided Flow
U.S. Imports of Russian goods and exports to the Soviet Union in billions



For Food and Heavy Equipment

A breakdown of 1982 U.S. trade with Russia, in millions

Exports	Imports
Corn	Wheat
Wheat	Wheat
Superphosphate	Wheat
Soybeans	Wheat
Tractor-trailers	Wheat
Pressure cookers	Wheat
Gas turbines	Wheat
Copper ore	Wheat
Insulating or transformer oil	Wheat
Boiling and drilling equipment parts	Wheat

U.S. Says Prices Increased 0.5% In September

By John M. Berry
Washington Post Service

WASHINGTON — U.S. consumer prices rose 0.5 percent in September and at an annual rate of 5.3 percent during the third quarter, the highest quarterly increase in more than a year, the Labor Department reported Tuesday.

New and used car prices, which rose at 7.6 percent and 23.5 percent rates respectively, were responsible for two-fifths of the increase in the consumer price index for the quarter. Higher housing costs accounted for another 30 percent of the rise, the department said.

For the 12 months ended in September, the index rose 2.9 percent. Most forecasters expect increases over the coming year to be about similar to those in the third quarter. A few expect a somewhat better performance, predicting that consumer prices will rise in the range of 3 percent to 4 percent.

The September rise, at a 6 percent annual rate, followed two monthly increases of 0.4 percent and a 0.2 percent rise in June.

Food and beverage prices went up 0.4 percent last month, after a 0.2-percent increase in August and declines in each of the previous two months.

The housing component of the index rose 0.5 percent for the month, with the cost of shelter, fuel, other utilities and household furnishings and operations all rising.

Increases in medical-care costs continued to run at a moderate rate compared to the history of the last several years. For the month, medical-care costs rose 0.4 percent. In the last 12 months, such costs were up 7.5 percent, but they increased

at an annual rate of only 6.1 percent during the third quarter.

In the year ended in September 1982, medical-care costs rose 11.4 percent while the total index was rising 5 percent. In recent months, the medical-care component and the overall index have been rising at much more similar rates.

Apparel and upkeep prices were unchanged for the month but still rose at an annual rate of 3.9 percent for the quarter. Entertainment prices increased 0.4 percent, while prices for the other goods and services component of the index fell 0.1 percent. The latter component, which accounts for 4.3 percent of the index, rose 10.4 percent over the year.

U.S. Orders Fell 0.5% in Month

WASHINGTON — New orders received by U.S. makers for durable goods fell 0.5 percent, or 0.5 percent, to a seasonally adjusted \$89.5 billion in September, the Commerce Department said Tuesday.

The September decrease follows a revised 2-percent increase in new orders for August. Most of last month's downturn was caused by the transportation industry, which showed a drop of \$3.1 billion, or 14.5 percent, to \$18.5 billion.

In the highly volatile defense-capital-goods category, new orders showed a slight decline in September, down \$100 million, or 1.7 percent, to \$4.5 billion.

U.S. Trade Gap in 1984 May Pass \$100 Billion

United Press International

WASHINGTON — Martin S. Feldstein, chairman of the President's Council of Economic Advisers, told Congress Tuesday that the U.S. trade deficit may soar to more than \$100 billion next year.

Testifying at House hearings, Mr. Feldstein said sharp increases in the value of the dollar in relation to other currencies were the primary reason for rising trade deficits.

Mr. Feldstein said that the trade deficit for this year is likely to be \$60 billion to \$70 billion — or nearly twice the record \$36 billion reached in 1982.

"For next year, it looks more and more like we will have a trade deficit of more than \$100 billion," he said.

He said growing trade deficits are due to a drop in exports and a large increase in imports. "Both of these trends are doing very substantial damage to major segments of American industry," he said.

Mr. Feldstein said one reason that the U.S. dollar has grown stronger is the "increased attractiveness" of investment in the United States to foreigners.

He said overseas investors have confidence that the dollar will remain strong because the Federal Reserve will not follow an inflationary policy despite large projected deficits.

"The high real long-term interest rate in the United States, combined with the sense that dollar investments are relatively safe and that U.S. inflation will remain low, induces investors worldwide to shift in favor of dollar securities," he said.

Looking ahead, Mr. Feldstein said, the real value of the dollar will "eventually decline under the weight of accumulating trade deficits and a growing volume of foreign investments in the United States."

Such a decline, he said, would be "helpful in reducing the very large trade deficits that now hurt many industries" by increasing exports and reducing imports.

"In the absence of a change in economic policy," he said, "no one can be sure how long it will take for the dollar to decline and whether it will proceed smoothly or by a sudden shift induced by a loss of confidence."

Mr. Feldstein said the "main hope" for reducing the value of the U.S. dollar in relation to other currencies and thus stimulating exports was to take steps aimed at "increasing private savings or by reducing the budget deficit."

The economist testified before the domestic monetary policy subcommittee of the House Banking Committee.

Exxon Net Up 21% in Quarter

Compiled by Our Staff From Dispatches

NEW YORK — Exxon Corp., the giant energy company, reported Tuesday that third-quarter profit rose 21 percent on "encouraging signs of recovery" for the petroleum industry. And Standard Oil Co. of California reported a profit increase of nearly 11 percent.

In the quarter, Exxon earned \$1.22 billion, or \$1.41 a share, up from restated earnings of \$1.01 billion, or \$1.17 a share, a year earlier. Revenue fell 7.4 percent to \$23.3 billion from \$25.2 billion.

Analysts had predicted that the major international oil companies would show gains for the third quarter because of a modest rebound in U.S. oil demand and the successful bid in March by the Organization of Petroleum Exporting Countries to put a floor under crumbling world oil prices.

"In this year's third quarter," Exxon's chairman, C.C. Garvin Jr., said, "there were encouraging signs of recovery for the petroleum industry in some areas."

"Consistent with the economic recovery under way in the United States, market conditions here for petroleum and chemical products improved throughout the first three quarters this year," he added.

Mr. Garvin said petroleum markets overseas strengthened somewhat in the latest quarter but remained depressed despite the decline in crude-oil prices early this year.

Higher worldwide crude-oil production, particularly in the North Sea, contributed to Exxon's rise in third-quarter profit. But U.S. demand for natural gas continued to be weak.

Profit for the nine months rose more than 24 percent, to \$3.36 billion, or \$3.88 a share, from \$2.71 billion, or \$3.11 a share, a year earlier. Revenue fell 9.4 percent, to \$69.93 billion from \$77.17 billion.

In the third quarter, California Standard earned \$509 million, or \$1.49 a share, up from \$459 million, or \$1.34 a share, a year earlier. Revenue fell more than 11 percent to \$7.65 billion from \$8.66 billion.

George Kaller, SoCal's chairman, said refining and marketing margins improved because of more stable market conditions. However, he said that petroleum-product prices declined late in the third quarter. Lower exploration expenses also

(Continued on Page 19, Col. 1)

CURRENCY RATES

Interbank exchange rates for Oct. 25, excluding bank service charges

Currency	Rate	Currency	Rate	Currency	Rate
Australian dollar	1.2325	British pound	1.6075	Swiss franc	1.4875
Belgian franc	33.35	Canadian dollar	0.7125	Japanese yen	160.75
Dutch guilder	3.76	French franc	6.55	South African rand	1.6675
Italian lira	2036	German mark	3.375	U.S. dollar	1.00
Spanish peseta	166.64	Swedish krona	4.66		
Portuguese escudo	200.48				

INTEREST RATES

Oct. 25

Rate	Yield	Rate	Yield	Rate	Yield
1-Month Treasury bill	7.875	3-Month Treasury bill	8.125	6-Month Treasury bill	8.375
1-Year Treasury note	8.625	2-Year Treasury note	9.125	3-Year Treasury note	9.625

Key Money Rates

Oct. 25

Rate	Yield	Rate	Yield	Rate	Yield
1-Month Treasury bill	7.875	3-Month Treasury bill	8.125	6-Month Treasury bill	8.375
1-Year Treasury note	8.625	2-Year Treasury note	9.125	3-Year Treasury note	9.625

NYSE Ends Day Higher Despite The World News

United Press International

NEW YORK — Prices rose moderately on the New York Stock Exchange Tuesday, led by automobile issues, but trading was subdued by Wall Street's nervousness about the invasion of Grenada.

U.S. Steel, which reported a hefty third-quarter profit, and General Motors, which reported a 471-percent earnings gain Monday, bolstered investors' spirits in a session filled with earnings reports and rumors about takeovers.

The Dow Jones industrial average, which had fallen more than 23 points over the previous two weeks, gained 3.46 points, to 1,252.44, despite late selling. It added 0.10 point Monday after being down 15 points at the outset.

The Dow Jones transportation average, which rose 2.99 to a record 593.29 Monday, gave back 2.72 to 590.57.

Advances topped declines 874-688 among the 1,968 issues traded. Volume totaled 82.5 million shares, down from 85.4 million traded Monday.

Brokers reported late profit taking on reports invading U.S. and Caribbean troops ran into resistance from Cuban forces in Grenada, which had been the scene of a bloody coup.

"The market is still showing inherent strength in the Dow Jones industrial stocks," said Harry Villac of Sutor & Co., Palo Alto, California, who contended that a second leg of the bull market has started.

The government reported September consumer prices rose 0.5 percent, up from the 0.4 percent in August, and real earnings after inflation jumped 1.4 percent. Durable goods slipped 0.5 percent.

General Motors, which reported sharply higher third-quarter earnings, was the third most active

NYSE-listed issue, up 1/4 to 79. GM stock hit a record 80 during the day.

Ford rose 1 1/4 to 69 1/4 and Chrysler 1 1/4 to 30 1/4 following news of mid-October sales.

Hewlett-Packard was the most active issue, off 1/4 to 35 1/4. Digital Equipment, which plunged 30 1/4 last week, added 1/4 to 68 1/4. DEC's third-quarter earnings totaled 28 cents a share, down from \$1.02 a year earlier.

American Telephone & Telegraph was second on the list, off 1/4 to 60 1/4. IBM was fourth, up 1/4 to 128 1/4.

U.S. Steel, which reported a \$52 million third-quarter profit in contrast to an \$82 million loss a year earlier, added 1/4 to 29. Exxon, which posted third-quarter net of \$1.41 a share, up from \$1.17 a year earlier, fell 1/4 to 39 1/4.

Western Union, which reported third-quarter earnings of 60 cents a share, down from 81 cents a year ago, rose 3/4 to 33 1/4. Signal Co. lost 1/4 to 33 1/4. Both companies denied merger rumors.

Freight-McMoran, which reported third-quarter earnings of 41 cents a share, down from 49 cents a year earlier, gained 2 1/4 to 22 1/4.

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(Continued from Page 8)

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May 22.00 23.00 23.00 22.00 22.00 22.00	15,000 lbs. cents per lb.	Apr 12.00 12.00 12.00 12.00 12.00	Nov 12.00 12.00 12.00 12.00 12.00	Apr 12.00 12.00 12.00 12.00 12.00	Nov 12.00 12.00 12.00 12.00 12.00
Apr 22.00 23.00 23.00 22.00 22.00 22.00	15,000 lbs. cents per lb.	Mar 12.00 12.00 12.00 12.00 12.00	Nov 12.00 12.00 12.00 12.00 12.00	Mar 12.00 12.00 12.00 12.00 12.00	Nov 12.00 12.00 12.00 12.00 12.00
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Feb 22.00 23.00 23.00 22.00 22.00 22.00	15,000 lbs. cents per lb.	Jan 12.00 12.00 12.00 12.00 12.00	Nov 12.00 12.00 12.00 12.00 12.00	Jan 12.00 12.00 12.00 12.00 12.00	Nov 12.00 12.00 12.00 12.00 12.00
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Dec 21.40 21.40 21.10 21.20 21.20 21.20		Jul 12.00 12.00 12.00 12.00 12.00	Nov 12.00 12.00 12.00 12.00 12.00	Jul 12.00 12.00 12.00 12.00 12.00	Nov 12.00 12.00 12.00 12.00 12.00
Nov 21.40 21.40 21.10 21.20 21.20 21.20		Jun 12.00 12.00 12.00 12.00 12.00	Nov 12.00 12.00 12.00 12.00 12.00	Jun 12.00 12.00 12.00 12.00 12.00	Nov 12.00 12.00 12.00 12.00 12.00
Oct 21.40 21.40 21.10 21.20 21.20 21.20		May 12.00 12.00 12.00 12.00 12.00	Nov 12.00 12.00 12.00 12.00 12.00	May 12.00 12.00 12.00 12.00 12.00	Nov 12.00 12.00 12.00 12.00 12.00
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Oct. 25					Oct. 25					Figures in sterling per metric ton.					Figures in shilling per metric ton.					Figures in shilling per metric ounce.					Silver in pence per penny ounce.				
Figures in French francs per metric ton.					Figures in U.S. dollars per metric ton.					Gaoiti in U.S. dollars per metric ton.																			
High	Low	Close	Ch'ge		High	Low	Close	Previous		High	Low	Close	Previous		High	Low	Close	Previous		High	Low	Close	Previous		High	Low	Close	Previous	
SUGAR					SUGAR					SUGAR					SUGAR					SUGAR					SUGAR				
Dec.	2,225	1,900	1,985	-105	Dec.	1,420	1,411	1,414	1,417	1,415	1,414	1,414	1,415	1,415	Dec.	1,420	1,411	1,414	1,417	1,415	1,414	1,414	1,415	Dec.	1,420	1,411	1,414	1,417	1,415
Jan.	2,195	2,101	2,181	-105	Jan.	1,420	1,411	1,414	1,417	1,415	1,414	1,414	1,415	1,415	Jan.	1,420	1,411	1,414	1,417	1,415	1,414	1,414	1,415	Jan.	1,420	1,411	1,414	1,417	1,415
Feb.	2,195	2,101	2,181	-105	Feb.	1,420	1,411	1,414	1,417	1,415	1,414	1,414	1,415	1,415	Feb.	1,420	1,411	1,414	1,417	1,415	1,414	1,414	1,415	Feb.	1,420	1,411	1,414	1,417	1,415
Mar.	2,195	2,101	2,181	-105	Mar.	1,420	1,411	1,414	1,417	1,415	1,414	1,414	1,415	1,415	Mar.	1,420	1,411	1,414	1,417	1,415	1,414	1,414	1,415	Mar.	1,420	1,411	1,414	1,417	1,415
Apr.	2,195	2,101	2,181	-105	Apr.	1,420	1,411	1,414	1,417	1,415	1,414	1,414	1,415	1,415	Apr.	1,420	1,411	1,414	1,417	1,415	1,414	1,414	1,415	Apr.	1,420	1,411	1,414	1,417	1,415
May	2,195	2,101	2,181	-105	May	1,420	1,411	1,414	1,417	1,415	1,414	1,414	1,415	1,415	May	1,420	1,411	1,414	1,417	1,415	1,414	1,414	1,415	May	1,420	1,411	1,414	1,417	1,415
June	2,195	2,101	2,181	-105	June	1,420	1,411	1,414	1,417	1,415	1,414	1,414	1,415	1,415	June	1,420	1,411	1,414	1,417	1,415	1,414	1,414	1,415	June	1,420	1,411	1,414	1,417	1,415
July	2,195	2,101	2,181	-105	July	1,420	1,411	1,414	1,417	1,415	1,414	1,414	1,415	1,415	July	1,420	1,411	1,414	1,417	1,415	1,414	1,414	1,415	July	1,420	1,411	1,414	1,417	1,415
Aug.	2,195	2,101	2,181	-105	Aug.	1,420	1,411	1,414	1,417	1,415	1,414	1,414	1,415	1,415	Aug.	1,420	1,411	1,414	1,417	1,415	1,414	1,414	1,415	Aug.	1,420	1,411	1,414	1,417	1,415
Sept.	2,195	2,101	2,181	-105	Sept.	1,420	1,411	1,414	1,417	1,415	1,414	1,414	1,415	1,415	Sept.	1,420	1,411	1,414	1,417	1,415	1,414	1,414	1,415	Sept.	1,420	1,411	1,414	1,417	1,415
Oct.	2,195	2,101	2,181	-10																									

The Global Overview

1. 10/11/1964

BUSINESS BRIEFS

ESCO Corp. Makes \$338-Million Bid For the Acquisition of Hyster Corp.

PORTLAND, Oregon (AP) — Hyster Co., the Portland-based lift-truck manufacturer, says it had received a \$338-million acquisition bid from ESCO Corp. It was the second takeover offer made to Hyster in recent weeks.

ESCO, Hyster's largest shareholder and also from Portland, offered to pay \$69 for each of the 4.9 million shares it does not already own, according to a news release from Hyster. Hyster said the offer is subject to negotiation of an acceptable acquisition agreement, completion of necessary financing and the approval of the Hyster board and shareholders.

Hyster announced Sept. 6 that it had received a leveraged-buyout offer from Kohlberg, Kravis, Roberts & Co. for cash and securities totaling \$63 a share.

Ford, AMC and Chrysler Say Sales Up

DETROIT (AP) — Ford Motor Co., American Motors Corp. and Chrysler Corp. all reported higher mid-October sales.

Ford said Tuesday its new-car sales in mid-October increased 36 percent from the week-year-earlier period. It shipped 55,638 autos from Oct. 11 to Oct. 20, up from 40,922 in the like period last year.

American Motors Corp. sales were up 41.2 percent in the period, at an estimated 4,800 autos, while Chrysler said it delivered 27,175 autos, up from 22,003.

So far this year, Ford's sales are up 15.5 percent, from 1,070,549 to 1,236,628. Chrysler has gained 24.5 percent, from 548,746 to 683,467. Alliance sales have helped boost AMC's tally 91.2 percent above year-earlier levels, or 151,515, compared with 79,253.

Last year's mid-October domestic car sales were the lowest in 24 years, based on daily sales.

IBM May Sell Hitachi Its Technology

TOKYO (AP) — International Business Machines Corp. has agreed in principle to furnish Hitachi Ltd. with large-scale computer-software technology, a Hitachi official said Tuesday.

Hitachi will pay for the use of all software technology similar to IBM's, the official said, but he refused to comment on details of the contract.

In the agreement with IBM, Hitachi has recognized the property value on software technology, the official said. But he denied that in doing so, Hitachi was acknowledging that software can be copyrighted. Earlier this month, Hitachi settled a lawsuit brought by IBM alleging the theft of IBM trade secrets.

TWA and Pilots Agree on Wage Cuts

NEW YORK (AP) — Trans World Airlines said Tuesday that the carrier and the pilots' union reached tentative agreement on a plan to cut pilots' wages and benefits.

The agreement is subject to ratification by the Air Line Pilots Association's master executive council and TWA's 2,800 pilots. The company would not give details of the agreement.

TWA's announcement came one day after an airline source said TWA's parent company, Trans World Corp., recommended to its directors that the carrier be spun off as a separate company. The board is expected to vote on the matter at a Wednesday meeting in San Francisco.

Toyota Said to Set Order for GM Work

DETROIT (AP) — Although Toyota Motor Corp. has not released documents sought by the Federal Trade Commission in its review of the Toyota-General Motors Corp. joint venture, officials of the Japanese automaker are reported as saying that stamping machines are being ordered for the venture.

An FTC spokesman, Neil Friedman, said Monday the commission's review of the venture is on hold while it awaits financial data from Toyota. The FTC sent Toyota a letter last week warning that the venture is jeopardized unless the commission gets the needed information.

But the Japan Economic Journal, in its edition released in Detroit on Monday, said the chairman of Toyota, Eiji Toyoda, disclosed that the company is ordering stamping machines for the venture. The two automakers plan to build Toyota-designed subcompact at Fremont, California for as long as 12 years.

Exxon Reports Profit Climbed 21% in Quarter

(Continued from Page 17)

ided the performance by Social.

In the nine months, California Standard earned \$1.18 billion, or \$3.47 a share, up 24 percent from \$952 million, or \$2.78 a share, a year earlier. Revenue declined 22 percent to \$2.17 billion from \$2.8 billion.

On Monday, Standard Oil Co. (Indiana) had reported that its third-quarter earnings rose 4.5 percent primarily on improved profit margins for petroleum products and better earnings of its chemical products.

Atlantic Richfield Co. blamed a 9.3-percent drop in its third-quarter profit on lower crude-oil prices, higher oil- and gas-production expenses and reduced petroleum-product margins.

West German Stocks

Readers

FRANKFURT — The Composite index of 60 leading West German shares, base 1953, rose to 1,017.5 Tuesday from 999.5 Monday, the highest level since Sept. 6, 1980.

Largest U.S. Real Estate & Business Expo

MIAMI, Fla. (AP) — The 1984 Second Coast Convention Center will host the largest U.S. real estate and business expo.

AMERICAN American Resources Emporium, Inc., is the largest American real estate, industrial and commercial firm at AMEREX '84.

More than 10,000 international firms are expected to attend.

For Free Exhibit Tickets and Further Information Write: AMEREX '84, 1000 Biscayne Blvd., Miami, Florida 33132. Tel: (305) 891-7078. Telex: 153472 AMEREX.

Gold Options (quotes in \$/oz.)

Price	Nov.	Dec.	Jan.	Feb.
290	125.125	125.000	125.000	125.000
300	125.125	125.000	125.000	125.000
310	125.125	125.000	125.000	125.000
320	125.125	125.000	125.000	125.000

Gold: 384.50/387.25

Valuers White Weld S.A.

1, Quai de Montebello
1211 Geneva 1, Switzerland
Tel: 31 02 51 - Telex: 28 345

DEVOL-HOLBEIN INTERNATIONAL, N.V.

1011 Amsterdam
Tel: 020 211188 - Telex: 12116

Coleco Says Net Fell 87% In 3d Quarter

The Associated Press

WEST HARTFORD, Conn. — Coleco Industries Inc., citing lower sales of programs for Atari Inc. and Mattel Inc. video games, has reported that its third-quarter profit plunged 87 percent.

Coleco also said Monday that it will not achieve its target of shipping 500,000 of its new Adam home computers by year's end, a target company officials previously had insisted would be met. Coleco said, however, that shipments "are expected to be very substantial" in the fourth quarter.

The company said it earned \$2.3 million in the quarter ended Oct. 1, down from \$17.6 million in the year-earlier quarter. Per-share earnings fell to 14 cents from \$1.15, while sales fell to \$14.5 million from \$165.6 million.

Coleco's president, Arnold Greenberg, said his company has been buffeted by "unusually rapid and significant changes taking place in the video-game and home-computer field."

For the first nine months of the year, Coleco's earnings slipped to \$27.6 million, or \$1.71 a share, from \$29.5 million, or \$1.93 a share, in the corresponding period last year.

Xerox Planning to Sell Most of Its Retail Stores

By Andrew Pollack
New York Times Service

NEW YORK — Xerox Corp. said that it would sell most of its 54 retail stores to a group of Dallas investors, ending its three-year attempt to sell office products through company-owned retail channels.

The move, announced Monday, represents a sudden shift by Xerox from its plans to add as many as 50 new company retail stores a year. The company now says it will seek to market its products through independent computer and office-equipment stores.

Xerox's withdrawal is in line with moves by other computer makers that have been unsuccessful in selling products through their own stores. Texas Instruments has closed its retail stores and Digital Equipment Corp. has scaled back its plans significantly.

Xerox said it has reached a tentative agreement to sell most of the stores to Genra Group Inc. of Dallas, headed by Joseph T. Verdesca, the former chairman of Computer Resources Inc., which makes furniture for computer retail stores.

The two other principals in Genra Group are Norman E. Brinker, former chief executive officer of Pillsbury Restaurant

Group and of its Burger King division, and Michael J. Collins, former chief executive of Fidelity Union Life Insurance Co.

Xerox did not disclose details of the transaction other than to say it would retain a 15-percent stake in Genra Group. But Mr. Brinker of Genra Group said the group would pay about \$10.7 million for 43 stores.

Xerox also would not say what would happen to the stores that were not sold, other than to say that they would no longer be Xerox retail stores. Electronic News, an industry weekly, reported this week that those stores would be closed.

The pullout from the retail business is yet another setback for Xerox's attempt to supplement its copier business with other office equipment. While Xerox pioneered in many segments of the office-automation business, such as telecommunications and easy-to-use computers, it has not capitalized on its early lead.

"It's just another sign of Xerox's attempts to move into new markets that didn't succeed," said Sanford J. Garret, an analyst with Paine Webber Mitchell Hutchins. He said the sale, while embarrassing for Xerox, would not affect its earnings significantly because the retail stores accounted for only about

Japan to Inform Brock of Ceiling

Readers

TOKYO — Japan will tell William E. Brock, the U.S. trade representative, the new ceiling on Japanese car exports to the United States for 1984 when he arrives later this month, sources at the Ministry for International Trade and Industry said Tuesday.

But Japan cannot agree to a U.S. request for a ceiling of 1.8 million cars, the sources added. The limit currently is 1.6 million, set when restraints began in 1981. The new level would take effect on April 1, 1984.

\$50 million of Xerox's \$8.5 billion in annual revenue.

Starting a few years ago, several computer makers including International Business Machines, Control Data and Digital Equipment, began to set up retail stores as a way of selling expensive computers, typewriters and copiers to small businesses. But the company-owned stores have proven less successful in competing against the computer stores that have sprung up in the same time but carry a broad range of products.

"I don't think anybody has done well," said Ellen Levin, an analyst with International Data Corp. in Framingham, Massachusetts.

AMC Loss for Quarter Shrank to \$9.1 Million

United Press International

SOUTHFIELD, Michigan — American Motors Corp.'s \$9.1-million loss in the third quarter was its 14th consecutive quarterly deficit. But the automaker hopes to break the trend in the fourth quarter with new and redesigned vehicles. AMC is 46-percent-owned by Renault of France.

AMC announced the loss Monday despite a \$90.2-million gain on the sale of its defense subsidiary. The third-quarter loss compares with a \$30.9-million loss in last year's third quarter.

The No. 4 U.S. automaker posted a \$99.4-million operating loss on the sales of cars and trucks during the third quarter. The September sale of its AM General defense subsidiary to the Dallas-based LTV Corp. raised \$90.2 million.

In 1982, AMC reported a \$16.7-million profit on AM General. But this was outweighed last year by a \$47.5-million operating loss.

The chairman of AMC, Paul Tippet, said the third-quarter loss is due to "heavy launch costs" for its new Renault Encore hatchback and redesigned Jeep models. He

said the automaker expects to make a "modest profit" in the fourth quarter because of the vehicles. In the first nine months, AMC had a loss of \$154 million. A year earlier, the automaker had a loss of \$150.6 million.

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Clark Transfer Is Setback for Hawks on Trade

(Continued from Page 17)

amounts to little more than 1 percent of the United States' total exports.

Exports, which peaked at \$3.6 billion in 1979, fell to \$2.6 billion last year with gain, at \$1.8 billion, the biggest component. Total U.S. exports were valued at \$212 billion in 1982.

Tuesday's AMEX Closing

Vol. of 4 p.m. 4,000,000
Prev. Consolidated Close 7,700,000

Tables include the nationwide prices
Up to the closings on Wall Street

12 Month High Low	Stock	Div. Yld. PE	52 Week High Low	Close Chg. Chg.
22 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
23 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
24 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
25 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
26 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
27 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
28 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
29 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
30 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
31 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
32 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
33 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
34 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
35 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
36 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
37 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
38 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
39 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
40 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
41 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
42 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
43 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
44 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
45 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
46 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
47 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
48 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
49 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
50 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
51 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
52 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
53 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
54 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
55 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
56 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
57 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
58 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
59 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
60 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
61 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
62 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
63 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
64 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
65 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
66 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
67 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
68 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
69 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
70 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
71 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
72 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
73 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
74 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
75 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
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81 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
82 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
83 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
84 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
85 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
86 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
87 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
88 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
89 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
90 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
91 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
92 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
93 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
94 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
95 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
96 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
97 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
98 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
99 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2
100 1/2	AAV 32	1.5 10	17 1/2 10 1/2	17 1/2 + 1/2

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Eurobonds**
By Carl Gewirtz
Complemented by
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2000 Eurobond prices.

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From currencies to grains
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By Brenda Hagerty
Who's in. Who's out.
What the new
appointments mean to
the companies
and industries involved.

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Wall Street Watch**
By Edward Rohrbach
How European experts are
playing the U.S. markets.

**Friday
Technology**
The devices, the systems,
the scientific
breakthroughs that
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Mesa Group to Oppose Gulf's Plan To Thwart Unfriendly Takeovers

By Doris Byron Fuller

Los Angeles Times Service

LOS ANGELES — Mesa Petroleum Co. and the investor group that it has assembled to buy Gulf Oil Corp. stock has tentatively decided to oppose a reincorporation plan devised by Gulf to thwart unfriendly takeovers, Mesa officials said, thus setting the stage for a possible showdown between Gulf and its largest shareholder.

In an amended statement filed with the Securities and Exchange Commission in Washington, Mesa also confirmed Monday that the group had purchased an additional 3.4 million shares of Gulf common stock to bring the group's holdings to 17.9 million shares, or 10.3 percent of the Pittsburgh-based oil company's 166 million shares outstanding.

The group has spent \$791 million on Gulf shares to date, the filing said, and has arranged credit lines

of about \$1.1 billion to make stock purchases.

In a statement released Monday, Mesa, which is based in Amarillo, Texas, said that the group was "assessing [its] investments in the Gulf shares in light of certain actions by Gulf as recently reported in the press."

"Although no determination as to any particular course of action has been made," the statement continued, "it cannot be assumed that the investors will be passive."

Specifically, the announcement said "it is the initial reaction of the investors that implementation of [the reincorporation] proposal would be disadvantageous to Gulf's shareholders" and that the group currently intends to vote against it.

A Gulf official said that the oil company is surprised at the group's opposition to Gulf's proposal to reincorporate in Delaware because Mesa — a two-thirds partner in the

investor group — is itself incorporated in Delaware.

Reincorporating as a Delaware holding company would eliminate the cumulative voting rights that currently allow a Gulf shareholder with as few as 7.7 percent of the company's shares to elect a member to the board of directors.

Under Delaware law, a board candidate would have to receive 51 percent of the voting shares cast to become a director.



T. Boone Pickens Jr.

Mr. Pickens, a colorful Texas oilman, also said that the group had no trouble replacing four banks that last week withdrew their credit line to the investor group because of longstanding business relationships with Gulf.

Gulf's shares closed Monday at \$46.625 on the New York Stock Exchange, up 25 cents. Mesa's shares closed at \$15 each on the New York Stock Exchange, down 12.5 cents.

Official of IMF Warns Latin Americans About Excess Public Spending

By Juan de Onis

Los Angeles Times Service

SANTIAGO — An International Monetary Fund official has told an audience of Latin American industrialists here that excessive public spending has been the cause of the region's \$300-billion foreign-debt problem.

Eduardo Wiesner, Western Hemisphere director of the Washington-based IMF, said such spending generates inflationary demand for goods and foreign credit. He delivered his tough lecture Monday on the need for fiscal frugality and restrained monetary expansion to an audience of more than 300 industrialists.

"We did not reach the present crisis because of any lack of external resources but primarily as a consequence of domestic economic policies that did not guarantee stable growth and employment, so the crisis can only be overcome by a change in the policies," Mr. Wiesner said.

Mr. Wiesner, a former finance minister of Colombia, is the IMF official who directly supervises the agency's negotiations with Latin American governments.

The occasion was the 19th Latin American Congress of Industrialists, a meeting coinciding with the first centennial of Chile's National Association of Manufacturers. But the real audience was the governments of Brazil, Argentina, Venezuela and other Latin American debtor nations with which the IMF is having serious problems over internal policies affecting debt payment to foreign banks.

The message from Mr. Wiesner was that new financial resources from the IMF and the creditor banks to meet the Latin American debt crisis will be available only if the governments adopt comprehensive policies — from realistic exchange rates to wages based on labor productivity — that correct errors of the past.

"Although many factors precipitated and complicated the crisis, I have no doubt that the primary

cause has been excessive public spending accompanied by monetary and credit policies that tolerated those public-sector deficits."

In most Latin American debtor countries, budget deficits have soared, along with foreign borrowing, as the governments have tried to offset declining growth rates and reduced export prices by borrowing more and spending more to counteract recessionary tendencies. But foreign borrowing has reached a limit, and high domestic fiscal deficits are generating inflation at runaway rates in Argentina, Brazil and elsewhere.

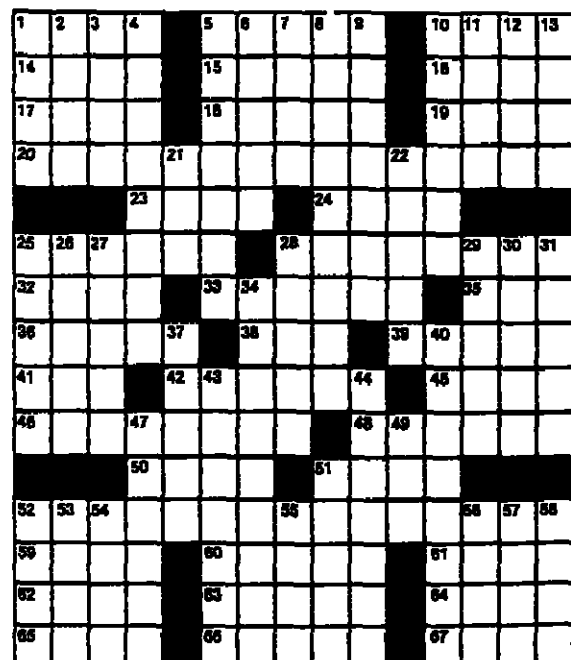
Mr. Wiesner acknowledged that governments are pushed toward fiscal deficits and expansionary monetary and credit policies when political pressures build up because of unemployment, loss of consumer purchasing power, resistance to increases in fuel prices or public services rates and high interest rates that discourage investment.

But he warned against trying to reactivate slumping Latin American economies by increasing public spending not financed by adequate revenues. "The danger is that interest rates will rise and debt will be increased," he said.

This topic will be of immediate concern to Chile, which is to open negotiations later this week with an IMF team on a new stabilization loan for 1984 that is the key to obtaining additional foreign-bank financing. This year the IMF provided an \$850-million standby loan, and foreign banks refinanced \$3.4 billion in debt, plus providing a new loan of \$1.3 billion to pay current interest.

Chile's finance minister, Carlos Caceres, who is under heavy pressure from his country's depressed private sector, wants to increase public deficits from an IMF ceiling of 2.3 percent of gross national product this year to more than 5 percent next year. Chile also will need another \$700 million in foreign borrowings next year, according to officials in Santiago.

United States				Sonot				U.S. Steel			
Allegany Pwr				Revenue				Revenue			
1st Quarter, 1982	1982	1983	1984	1st Quarter, 1982	1982	1983	1984	1st Quarter, 1982	1982	1983	1984
Revenue	2,152	2,152	2,152	Revenue	2,474	2,474	2,474	Revenue	4,096	4,096	4,096
Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212
Per Share	0.61	0.61	0.61	Per Share	1.26	1.26	1.26	Per Share	0.20	0.20	0.20
Amer. Motors				2nd Quarter, 1982				2nd Quarter, 1982			
1st Quarter, 1982	1982	1983	1984	Revenue	2,474	2,474	2,474	Revenue	2,474	2,474	2,474
Revenue	2,152	2,152	2,152	Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212
Net Inc.	1,212	1,212	1,212	Per Share	1.26	1.26	1.26	Per Share	1.26	1.26	1.26
Per Share	0.61	0.61	0.61	3rd Quarter, 1982				3rd Quarter, 1982			
Amer. Petrofina				Revenue	2,474	2,474	2,474	Revenue	2,474	2,474	2,474
1st Quarter, 1982	1982	1983	1984	Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212
Revenue	2,152	2,152	2,152	Per Share	1.26	1.26	1.26	Per Share	1.26	1.26	1.26
Net Inc.	1,212	1,212	1,212	4th Quarter, 1982				4th Quarter, 1982			
Per Share	0.61	0.61	0.61	Revenue	2,474	2,474	2,474	Revenue	2,474	2,474	2,474
Avon Products				Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212
1st Quarter, 1982	1982	1983	1984	Per Share	1.26	1.26	1.26	Per Share	1.26	1.26	1.26
Revenue	2,152	2,152	2,152	1st Quarter, 1983				1st Quarter, 1983			
Net Inc.	1,212	1,212	1,212	Revenue	2,474	2,474	2,474	Revenue	2,474	2,474	2,474
Per Share	0.61	0.61	0.61	Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212
Borden				Per Share	1.26	1.26	1.26	Per Share	1.26	1.26	1.26
1st Quarter, 1982	1982	1983	1984	2nd Quarter, 1983				2nd Quarter, 1983			
Revenue	2,152	2,152	2,152	Revenue	2,474	2,474	2,474	Revenue	2,474	2,474	2,474
Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212
Per Share	0.61	0.61	0.61	Per Share	1.26	1.26	1.26	Per Share	1.26	1.26	1.26
Borg-Warner				3rd Quarter, 1983				3rd Quarter, 1983			
1st Quarter, 1982	1982	1983	1984	Revenue	2,474	2,474	2,474	Revenue	2,474	2,474	2,474
Revenue	2,152	2,152	2,152	Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212
Net Inc.	1,212	1,212	1,212	Per Share	1.26	1.26	1.26	Per Share	1.26	1.26	1.26
Per Share	0.61	0.61	0.61	4th Quarter, 1983				4th Quarter, 1983			
Case				Revenue	2,474	2,474	2,474	Revenue	2,474	2,474	2,474
1st Quarter, 1982	1982	1983	1984	Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212
Revenue	2,152	2,152	2,152	Per Share	1.26	1.26	1.26	Per Share	1.26	1.26	1.26
Net Inc.	1,212	1,212	1,212	1st Quarter, 1984				1st Quarter, 1984			
Per Share	0.61	0.61	0.61	Revenue	2,474	2,474	2,474	Revenue	2,474	2,474	2,474
Chrysler				Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212
1st Quarter, 1982	1982	1983	1984	Per Share	1.26	1.26	1.26	Per Share	1.26	1.26	1.26
Revenue	2,152	2,152	2,152	2nd Quarter, 1984				2nd Quarter, 1984			
Net Inc.	1,212	1,212	1,212	Revenue	2,474	2,474	2,474	Revenue	2,474	2,474	2,474
Per Share	0.61	0.61	0.61	Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212
Cons. Edison				Per Share	1.26	1.26	1.26	Per Share	1.26	1.26	1.26
1st Quarter, 1982	1982	1983	1984	3rd Quarter, 1984				3rd Quarter, 1984			
Revenue	2,152	2,152	2,152	Revenue	2,474	2,474	2,474	Revenue	2,474	2,474	2,474
Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212
Per Share	0.61	0.61	0.61	Per Share	1.26	1.26	1.26	Per Share	1.26	1.26	1.26
Diamond Sham				4th Quarter, 1984				4th Quarter, 1984			
1st Quarter, 1982	1982	1983	1984	Revenue	2,474	2,474	2,474	Revenue	2,474	2,474	2,474
Revenue	2,152	2,152	2,152	Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212
Net Inc.	1,212	1,212	1,212	Per Share	1.26	1.26	1.26	Per Share	1.26	1.26	1.26
Per Share	0.61	0.61	0.61	1st Quarter, 1985				1st Quarter, 1985			
Eastman				Revenue	2,474	2,474	2,474	Revenue	2,474	2,474	2,474
1st Quarter, 1982	1982	1983	1984	Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212
Revenue	2,152	2,152	2,152	Per Share	1.26	1.26	1.26	Per Share	1.26	1.26	1.26
Net Inc.	1,212	1,212	1,212	2nd Quarter, 1985				2nd Quarter, 1985			
Per Share	0.61	0.61	0.61	Revenue	2,474	2,474	2,474	Revenue	2,474	2,474	2,474
Exxon				Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212
1st Quarter, 1982	1982	1983	1984	Per Share	1.26	1.26	1.26	Per Share	1.26	1.26	1.26
Revenue	2,152	2,152	2,152	3rd Quarter, 1985				3rd Quarter, 1985			
Net Inc.	1,212	1,212	1,212	Revenue	2,474	2,474	2,474	Revenue	2,474	2,474	2,474
Per Share	0.61	0.61	0.61	Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212
Ford				Per Share	1.26	1.26	1.26	Per Share	1.26	1.26	1.26
1st Quarter, 1982	1982	1983	1984	4th Quarter, 1985				4th Quarter, 1985			
Revenue	2,152	2,152	2,152	Revenue	2,474	2,474	2,474	Revenue	2,474	2,474	2,474
Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212
Per Share	0.61	0.61	0.61	Per Share	1.26	1.26	1.26	Per Share	1.26	1.26	1.26
General Electric				1st Quarter, 1986				1st Quarter, 1986			
1st Quarter, 1982	1982	1983	1984	Revenue	2,474	2,474	2,474	Revenue	2,474	2,474	2,474
Revenue	2,152	2,152	2,152	Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212
Net Inc.	1,212	1,212	1,212	Per Share	1.26	1.26	1.26	Per Share	1.26	1.26	1.26
Per Share	0.61	0.61	0.61	2nd Quarter, 1986				2nd Quarter, 1986			
General Motors				Revenue	2,474	2,474	2,474	Revenue	2,474	2,474	2,474
1st Quarter, 1982	1982	1983	1984	Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212
Revenue	2,152	2,152	2,152	Per Share	1.26	1.26	1.26	Per Share	1.26	1.26	1.26
Net Inc.	1,212	1,212	1,212	3rd Quarter, 1986				3rd Quarter, 1986			
Per Share	0.61	0.61	0.61	Revenue	2,474	2,474	2,474	Revenue	2,474	2,474	2,474
Goodyear				Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212
1st Quarter, 1982	1982	1983	1984	Per Share	1.26	1.26	1.26	Per Share	1.26	1.26	1.26
Revenue	2,152	2,152	2,152	4th Quarter, 1986				4th Quarter, 1986			
Net Inc.	1,212	1,212	1,212	Revenue	2,474	2,474	2,474	Revenue	2,474	2,474	2,474
Per Share	0.61	0.61	0.61	Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212
Hamcor				Per Share	1.26	1.26	1.26	Per Share	1.26	1.26	1.26
1st Quarter, 1982	1982	1983	1984	1st Quarter, 1987				1st Quarter, 1987			
Revenue	2,152	2,152	2,152	Revenue	2,474	2,474	2,474	Revenue	2,474	2,474	2,474
Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212
Per Share	0.61	0.61	0.61	Per Share	1.26	1.26	1.26	Per Share	1.26	1.26	1.26
Hercules				2nd Quarter, 1987				2nd Quarter, 1987			
1st Quarter, 1982	1982	1983	1984	Revenue	2,474	2,474	2,474	Revenue	2,474	2,474	2,474
Revenue	2,152	2,152	2,152	Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212
Net Inc.	1,212	1,212	1,212	Per Share	1.26	1.26	1.26	Per Share	1.26	1.26	1.26
Per Share	0.61	0.61	0.61	3rd Quarter, 1987				3rd Quarter, 1987			
International Harvester				Revenue	2,474	2,474	2,474	Revenue	2,474	2,474	2,474
1st Quarter, 1982	1982	1983	1984	Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212
Revenue	2,152	2,152	2,152	Per Share	1.26	1.26	1.26	Per Share	1.26	1.26	1.26
Net Inc.	1,212	1,212	1,212	4th Quarter, 1987				4th Quarter, 1987			
Per Share	0.61	0.61	0.61	Revenue	2,474	2,474	2,474	Revenue	2,474	2,474	2,474
Johnson & Johnson				Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212
1st Quarter, 1982	1982	1983	1984	Per Share	1.26	1.26	1.26	Per Share	1.26	1.26	1.26
Revenue	2,152	2,152	2,152	1st Quarter, 1988				1st Quarter, 1988			
Net Inc.	1,212	1,212	1,212	Revenue	2,474	2,474	2,474	Revenue	2,474	2,474	2,474
Per Share	0.61	0.61	0.61	Net Inc.	1,212	1,212	1,212	Net Inc.	1,212	1,212	1,212



ACROSS

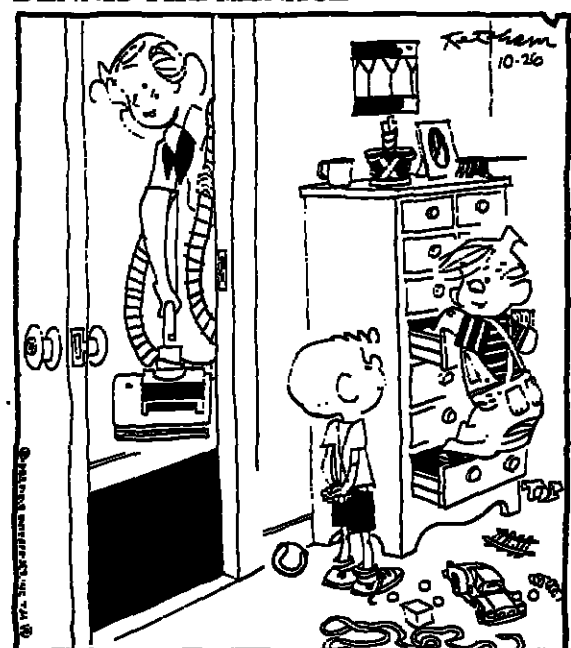
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15 Fragrant
16 Golden-rule
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18 Shalom
19 Bus section
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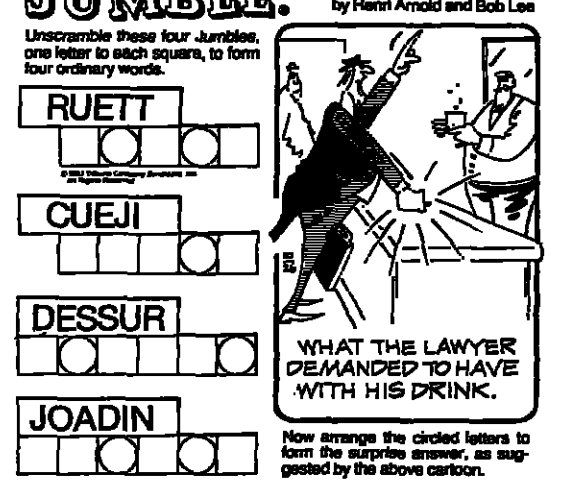
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DENNIS THE MENACE



"MY DAD IS PRETTY OLD, BUT MOM IS AROUND MY AGE."

JUMBLE



Print answer here: _____

(Answers tomorrow)

Yesterday's Jumbles: VENOM BRIAR OUTING HALLOW
Answer: The minor didn't know whether he had struck this—IRON ORE WHAT

WEATHER

EUROPE				ASIA			
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Algeria	C	F	F	no			
Amsterdam	17	10	10	17	10	10	
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OBSERVER

Reagan's Moscow Envy

By Russell Baker
WASHINGTON — Twenty-four hours in Washington, and I have the blues. The place has an acute case of Moscow envy. It's not just the new architecture, all those squat cement and glass blocks with their Stalinist overtones, but the place where the people live in their proper place and that their proper place is inside a filing cabinet, though that helps.

The Moscow envy is more obvious in the growing passion for secrecy, which has infected even that son of the wide-open camera, Ronald Reagan. There he is on television. While the people have the right to know about their government's attempts to overthrow other governments, "You can't let your people know without letting the wrong people know — those who are in opposition to what you're doing," he is saying.

Here is a wistful admission of envy for Moscow's power to preserve public ignorance. Of course it's wrong, the president concedes. "People may have the right to know," he says — but, by golly, wouldn't it make my work a lot easier if I had Andropov's power to keep you in the dark?

The day after the president's public onset of Moscow envy, the local press details progress in government operations aimed at erecting a Washington version of an iron curtain between government workers and the people who pay their taxes. There is, for example, the new presidential directive establishing lifetime censorship upon every hired hand who handles classified paper.

The order took effect last March. The General Accounting Office says it will affect 2,500,000 government workers and 1,500,000 people working under government contracts.

This extraordinary effort to prevent the flow of information criticism is the most blatant evidence so far of the fever produced by Moscow envy, yet there is no great outrage about it.

The day after the president's press conference the local press reports an advance in the security police's progress toward buttoning the lips of bureaucrats. Richard Willard, a Justice Department lawyer who believes in mechanical lie

detection, says all agencies have been authorized to apply random polygraph tests on workers of their choice, even those not suspected of "leaking" information. I can understand Soviet bureaucrats tolerating this sort of degradation. Life in or out of the Soviet bureaucracy probably involves endless bullying by the state, and remaining inside the apparatus at least means retaining considerable economic advantages.

But will U.S. government people balk? Well, the pay is good and Washington is a comfortable place to live. Still, you might expect a certain number who fret about dignity and honor to clear out rather than have their honor determined by measuring heartbeat behavior and perspiration flow.

There's also a comic side to this institutional squalor, and during this 24-hour period in Washington it takes the form of a "closed door" debate in the House of Representatives. They are debating whether to continue financing "covert" warfare aimed at overthrowing the Marxist government of Nicaragua. So the city is treated to the absurdity of a covert debate about a covert military operation, details of which have been publicly known for months. Details of the covert debate will be published in tomorrow's newspapers.

It grinds the souls of local people who believe it important that CIA jobs be done on government workers and the people who pay their taxes. There is, for example, the new presidential directive establishing lifetime censorship upon every hired hand who handles classified paper.

The suggestion that perhaps Washington should stop honoring Moscow with the flattery of trying to spy the KGB at strenuous and subversive has never been received in Washington. It is usually dismissed as silliness of people who are "unrealistic" about the world.

This response expresses the ultimate in Washington's Moscow envy, for it is only an oblique way of saying that Moscow has discovered the "realistic" way of dealing with the world. Now, that's depressing.

New York Times Service

Elie Wiesel

'I'm Terrified of Being the Last Survivor,' Says Chronicler of the Holocaust

By Samuel Freedman
New York Times Service

NEW YORK — When he was almost 11, his son Shlomo-Elisha's age, Wiesel was deported from his home to a series of concentration camps, there to be separated from his mother and sister, there to see his father die before his eyes.

Shlomo-Elisha is Wiesel's wafer, not on a perfect world, but on the better side of humanity.

"My life is a commentary on my books, not the other way around," says Wiesel, who is 53. "When I was a boy, I felt that the world was not worthy of children. I was afraid. But the next wave was joy. Will it be a boy or a girl? Whose name will it be — my mother's or my father's?"

"I must confess, I felt something special when I carried him for the first time. The circumcision is a very mystical rite. The rabbi had a very beautiful way of putting it. He said, 'A name has returned.' Wiesel pauses. 'A name has returned. When I was called to read the Torah by name, Eliezer ben-Shlomo, now there was Shlomo ben-Eliezer. For weeks and days and months, I would carry him in my arms. I saw myself when I was a child. A name has returned.'"

These are retrospective and cautiously positive times for Elie Wiesel. His writing, while informed as ever by his survivor's vista, has come to embrace the Hasidic tradition, which celebrates, if nothing else, the triumph of survival, of singing and dancing despite heartache. His newest book, "The Golem," to be published next month, is an illustrated legend, and he speaks of writing a book of children's stories, the ones he tells Elie (as he prefers to call his son) before bedtime.

As Wiesel has expanded his literary scope, he also has largely achieved his initial goal of perpetuating the story of the Holocaust.

"Night," his memoir, has sold about 1 million copies and has become the most widely-read work in Holocaust literature. This year, Robert McAfee Brown published a glowing critical overview of Wiesel's work under the almost reverential title of "Elie Wiesel: Messenger to All Humanity."

Wiesel is chairman of the U.S. Holocaust Memorial Council, the body that will create a national museum of the Holocaust in Washington.

And with Wiesel's fame has come, on the one hand, a dehumanizing sort of adulation and, on the other, criticism of his writing and his personality — little of it rendered in public — from some American Jewish intellectuals.

And so a part of Wiesel remains frightened, insecure. "I am still afraid," he says. "I live in constant fear. Of anything. If I see a policeman, the policeman. If I'm in the street, I'm afraid of the street." The root of the little fears, says a friend and fellow survivor, is the big fear. "Since the Holocaust, we're convinced the universe is not the same," says David Weiss Halivni, an adjunct professor of religion at Columbia University. "There is a bluish on creation and that bluish makes it difficult to know when it will erupt and devour us. That's the fear. That's the fear that hasn't healed. That's the fear that survivors have."

Wiesel's arm, after all, will always bear the number A-7113. Nightmares about ghetto life and the camps still jar him awake and, after nearly 40 years, he has given up hoping they will cease. From a survivor's standpoint, much of life after the camps seems trivial, almost unreal.

Eliezer Wiesel was born in Sighet, Romania, a small commercial town on the present-day border of the Soviet Union.

"During the day I studied the Talmud, and at night I ran to the synagogue to weep over the destruction of the Temple," he recounted in "Night."



Elie Wiesel/The New York Times

"My life is a commentary on my books, not the other way around."

Isolated in the Carpathian Mountains, Sighet almost escaped the cataclysm engulfing Jews elsewhere in Europe; not until Passover week of 1944 did the Nazis and their collaborators deport the town's 10,000 Jews. Wiesel's father and mother and the youngest of his three sisters, Tzipora, died in the concentration camps. (His two other sisters, Hilda and Batya, survived. Batya died eight years ago; Hilda lives in France.)

As soon as he was liberated from Buchenwald, he decided to tell his tale. But he vowed, he says, that he would not begin, would not even speak of his experience, for 10 years. Instead, he studied at the Sorbonne and reported from Paris for an Israeli newspaper.

Some critics have denigrated Wiesel for sublimating style to substance. Jeffrey Burke assailed Wiesel's "tendency to sacrifice the demands to craft to those of conscience," in his New York Times review of "The Testament."

Little of the criticism ever be-

comes public. Two leading critics told of declining offers to review Wiesel's books rather than make known their negative opinions, and these critics, as well as others, will speak candidly of Wiesel only when guaranteed anonymity. They will not challenge Wiesel in public because he has survived something they never even experienced.

Says a literature professor at one of the United States' top universities, who is also a contributing editor to a major Jewish journal: "Many of us began with considerable adulation. . . . But with [publication of his book] 'A Bigger Man,' I started getting very uneasy feelings. Elie's mystical and Messianic stresses had declined into mannerisms — gestures that were hollow, didn't seem convincing."

Wiesel laughs loudly when asked about his underground critics, which means it must hurt him, since it is in his nature to laugh loudly at much. "It must be because I do not play the game," he says. "I bother them. I am so atypical of the American Jewish

intellectual. I am not part of any group, and they all have their groups. Whatever I have, not one of them helped me. So I elude them."

"I am terrified," Wiesel says, "of being the last survivor. You have no idea how many funerals you attend for survivors. You see the same faces, except fewer and fewer of them. How many years do we have left? Five? Ten? Fifteen? On the other hand, every moment is grace. I could have died in '45. In a way I did."

His fictional characters hint at the two continuing Wiesel dilemmas: how to convey that which is impossible to convey, and how to convince people it is true. "A survivor's testimony is more important than anything that can be written about survivors. It's important for them, important for the world. And for me, that is the most rewarding thing — to free, to open up the survivors. They live clandestinely. What made their being most unique was something they hid. That is most tragic — to suffer and then to suffer for having suffered."

PEOPLE

John Glenn Doesn't Have Right Stuff for Yeager

John Glenn doesn't have the right stuff to lure Chuck Yeager's vote away from President Ronald Reagan. Yeager is the test pilot whose feats — including breaking the sound barrier — were chronicled along with the astronaut's exploits in the new film "The Right Stuff." He told New York magazine: "I see [Glenn] as an astronaut, not a president. I like Reagan." Only two of Glenn's fellow astronauts have spoken out on the looming presidential race: Gordon Cooper supports Glenn, while Wally Schirra backs Reagan.

Coaxed by his mother, Diana, Princess of Wales, Britain's 16-month-old future king waved to a crowd, a historic moment duly recorded by the press. "Diana watched with delight and Prince Charles was almost bursting with pride," the Daily Mirror reported from Aberdeen, where the royal couple boarded a plane Monday, returning from holiday at Balmoral Castle, Scotland. "They knew their son had got the hang of that most frequent and important of royal tasks." Prince William did need some encouragement to launch himself on his public relations career. "Princess D gave her baby son a quick lesson in how to acknowledge the cheers of admirers." The Sun reported. The prince chuckled and beamed "as if he'd won the lottery." He was, in fact, waving his hand to a crowd of thousands. "Meanwhile, his mother, the Princess of Wales, was waiting for the Prince of Wales when he arrived in London — one of his polo ponies, Concorde, bolted at Windsor Castle, was struck by a car and had to be shot."

The British actor Sean Connery has won libel damages in the High Court in London over a book about his life that alleged that he had engaged in drug and fraud. His lawyer said the allegations appeared in an unauthorized biography by Kenneth Pashigian and that extracts had appeared in the Sunday Express newspaper last December. David Eady, a lawyer representing Pashigian and the British publishers of the book, Sidgwick and Jackson, said they apologized for any suggestion that the movie star behaved disreputably. The Sunday Express's lawyer, Andrew Caldecott, said the paper also apologized. They agreed to pay Connery's legal costs and a "modest" sum in damages.

INTERNATIONAL CLASSIFIED

PERSONALS NINA VAN DYKE OR SEVERIN looking for anyone looking for a woman of 27-31 years old. M.S. MICHAEL - Happy Birthday & love from all. EYE & LESLIE BODEN: Urgent you call home immediately, Ron. 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